PLAINS MARKETING LP
Form 424B3
June 06, 2007

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Filed pursuant to Rule 424(b)(3)
Registration No. 333-141557

Prospectus

Plains All American Pipeline, L.P.
PAA Finance Corp.

Offer to Exchange up to
$400,000,000 of 6.125% Senior Notes due 2017

for

$400,000,000 of 6.125% Senior Notes due 2017
that have been Registered under the Securities Act of 1933
and
Offer to Exchange up to
$600,000,000 of 6.650% Senior Notes due 2037

for

$600,000,000 of 6.650% Senior Notes due 2037
that have been Registered under the Securities Act of 1933

Terms of the Exchange Offer

We are offering to exchange up to $400,000,000 of our outstanding 6.125% Senior Notes due 2017 (the 2017 Notes) and up to $600,000,000 of our outstanding 6.650% Senior Notes due 2037 (the 2037 Notes, and together with the 2017 Notes, the outstanding Notes) for new notes with substantially identical terms that have been registered under the Securities Act and are freely tradable.

We will exchange for an equal principal amount of new Notes all outstanding Notes of the same series that you validly tender and do not validly withdraw before the exchange offer expires.

Each exchange offer expires at 5:00 p.m., New York City time, on July 18, 2007 unless extended. We do not currently intend to extend either exchange offer.

Tenders of outstanding Notes may be withdrawn at any time prior to the expiration of the exchange offer.

The exchange of outstanding Notes for new Notes will not be a taxable event for U.S. federal income tax purposes.

Terms of the 6.125% Senior Notes Offered in the Exchange Offer

Maturity

The 2017 Notes will mature on January 15, 2017.

Interest

Interest on the 2017 Notes is payable on January 15 and July 15 of each year, beginning July 15, 2007.

Interest will accrue from October 30, 2006.

Redemption

We may redeem the 2017 Notes, in whole or in part, at any time at a price equal to the greater of (1) 100% of the principal amount of the 2017 Notes to be redeemed or (2) a make-whole amount described in this prospectus plus 25 basis points together with accrued interest, if any, to the redemption date.

Ranking

The 2017 Notes are unsecured. The 2017 Notes rank equally in right of payment with all of our other existing and future senior unsecured debt and senior in right of payment to all of our future subordinated debt.

Terms of the 6.650% Senior Notes Offered in the Exchange Offer

Maturity

The 2037 Notes will mature on January 15, 2037.

Interest

Interest on the 2037 Notes is payable on January 15 and July 15 of each year, beginning July 15, 2007.

Interest will accrue from October 30, 2006.

Redemption

We may redeem the 2037 Notes, in whole or in part, at any time at a price equal to the greater of (1) 100% of the principal amount of the 2037 Notes to be redeemed or (2) a make-whole amount described in this prospectus plus 30 basis points together with accrued interest, if any, to the redemption date.

Ranking

The 2037 Notes are unsecured. The 2037 Notes rank equally in right of payment with all of our other existing and future senior unsecured debt and senior in right of payment to all of our future subordinated debt.

Please read Risk Factors on page 6 for a discussion of factors you should consider before participating in the exchange offer.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 5, 2007.

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and in the accompanying letter of transmittal. We have not authorized anyone to provide you with any other information. If you receive any unauthorized information, you must not rely on it. We are not making an offer to sell these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus, or the documents incorporated by reference into this prospectus, is accurate as of any date other than the date on the front cover of this prospectus or the date of such document, as the case may be.

Each broker-dealer that receives the notes for its own account pursuant to this exchange offer must acknowledge in the letter of transmittal that it will deliver a prospectus in connection with any resale of the notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker dealer in connection with resales of the notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed to make this prospectus available for a period of one year from the expiration date of this exchange offer to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

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PROSPECTUS SUMMARY

This summary may not contain all the information that may be important to you. You should read this entire prospectus and the documents we have incorporated into this prospectus by reference before making an investment decision. You should carefully consider the information set forth under Risk Factors. In addition, certain statements include forward-looking information which involves risks and uncertainties. Please read Forward-Looking Statements. References to the notes in this prospectus include both the outstanding notes and the new notes.

Plains All American Pipeline, L.P.

We are a Delaware limited partnership formed in September 1998. We are engaged in the transportation, storage, terminalling and marketing of crude oil, refined products and liquefied petroleum gas and other natural gas related petroleum products. We refer to liquefied petroleum gas and other natural gas related petroleum products as LPG. We own an extensive network of pipeline transportation, terminalling and storage assets at major market hubs and in key oil producing basins and crude oil, refined product and LPG transportation corridors in the United States and Canada. In addition, through our 50% equity ownership in PAA/Vulcan Gas Storage, LLC, we develop and operate natural gas storage facilities.

Our executive offices are located at 333 Clay Street, Suite 1600, Houston, Texas 77002 and our telephone number is (713) 646-4100.

The Exchange Offers

On October 30, 2006, we completed private offerings of the 2017 Notes and the 2037 Notes. We entered into registration rights agreements with the initial purchasers in those offerings in which we agreed to deliver this prospectus and to use our reasonable best efforts to consummate the exchange offers within 300 days after the date we issued the outstanding Notes.

Exchange Offers	We are offering to exchange new notes for: up to $400 million principal amount of our 6.125% 2017 Notes that have been registered under the Securities Act of 1933 (the Securities Act) for an equal amount of our outstanding 2017 Notes; and up to $600 million principal amount of our 6.650% 2037 Notes that have been registered under the Securities Act for an equal amount of our outstanding 2037 Notes to satisfy our obligations under the registration rights agreements that we entered into when we issued the outstanding Notes in transactions exempt from registration under the Securities Act. The terms of each series of the new Notes are substantially identical to those terms of each series of the outstanding Notes, except that the transfer restrictions, registration rights and provisions for additional interest relating to the outstanding Notes do not apply to the new Notes.
Expiration Date	

	Each exchange offer will expire at 5:00 p.m. New York City time, on July 18, 2007, unless we decide to extend either exchange offer. We may extend one exchange offer without extending the other.
Condition to the Exchange Offers	The registration rights agreements do not require us to accept outstanding Notes for exchange if the applicable exchange offer or the making of any exchange by a holder of the outstanding Notes

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	would violate any applicable law or interpretation of the staff of the SEC. A minimum aggregate principal amount of outstanding Notes being tendered is not a condition to either exchange offer.
Procedures for Tendering Outstanding Notes	To participate in an exchange offer, you must follow the procedures established by The Depository Trust Company, which we call DTC, for tendering notes held in book-entry form. These procedures, which we call ATOP, require that (1) the exchange agent receive, prior to the expiration date of the applicable exchange offer, a computer generated message known as an agent s message that is transmitted through DTC s automated tender offer program, and (2) DTC confirms that: DTC has received your instructions to exchange your Notes, and you agree to be bound by the terms of the letter of transmittal. For more information on tendering your outstanding Notes, please refer to the sections in this prospectus entitled Exchange Offers Terms of the Exchange Offers and Procedures for Tendering.
Guaranteed Delivery Procedures	None.
Withdrawal of Tenders	You may withdraw your tender of outstanding Notes under either exchange offer at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m. New York City time on the expiration date of the exchange offer. Please read Exchange Offers Withdrawal of Tenders.
Acceptance of Outstanding Notes and Delivery of New Notes	If you fulfill all conditions required for proper acceptance of outstanding Notes, we will accept any and all outstanding Notes that you properly tender in the applicable exchange offer before 5:00 p.m. New York City time on the expiration date. We will return to you, without expense as promptly as practicable after the expiration date, any outstanding Note that we do not accept for exchange. We will deliver the new Notes as promptly as practicable after the expiration date and acceptance of the outstanding Notes for exchange. Please refer to the section in this prospectus entitled Exchange Offers Terms of the Exchange Offers.
Fees and Expenses	We will bear all expenses related to each exchange offer. Please refer to the section in this prospectus entitled Exchange Offers Fees and Expenses.
Use of Proceeds	The issuance of the new Notes will not provide us with any new proceeds. We are making these exchange offers solely to satisfy our obligations under our registration rights agreements.
Consequences of Failure to Exchange Outstanding Notes	If you do not exchange your outstanding Notes in the applicable exchange offer, you will no longer be able to require us to register the outstanding Notes under the Securities Act except in the limited circumstances

provided under the applicable registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the outstanding Notes unless we have

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	registered the outstanding Notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.
Federal Income Tax Considerations	The exchange of new Notes for 2017 Notes and the exchange of new Notes for 2037 Notes will not be a taxable event for U.S. federal income tax purposes. Please read Material U.S. Federal Income Tax Consequences.
Exchange Agent	We have appointed U.S. Bank National Association as exchange agent for the exchange offers. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal to the exchange agent addressed as follows: Attn: Brandi Steward, U.S. Bank Corporate Trust Services, Specialized Finance Dept., 60 Livingston Avenue, St. Paul, Minnesota, 55107, telephone number (651) 495-4738. Eligible institutions may make requests by facsimile at (651) 495-8138.

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Terms of the Notes

The new Notes will be identical to the outstanding Notes except that the new Notes will be registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest and will contain different administrative terms. The new Notes will evidence the same debt as the outstanding Notes, and the same indenture will govern the new Notes and the outstanding Notes.

The following summary contains basic information about the new Notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the Notes, please refer to the section of this prospectus entitled Description of the Notes.

Issuers	Plains All American Pipeline, L.P. and PAA Finance Corp. PAA Finance Corp., a Delaware corporation, is an indirect wholly owned subsidiary of Plains All American Pipeline, L.P. that has been organized for the purpose of co-issuing our existing notes, the Notes offered hereby, and the notes issued in any future offerings. PAA Finance Corp. does not have any operations of any kind and will not have any revenue other than as may be incidental to its activities as a co-issuer of the Notes.
Notes Offered	$400 million aggregate principal amount of the 2017 Notes. $600 million aggregate principal amount of the 2037 Notes.
Maturity Date	January 15, 2017 for the 2017 Notes January 15, 2037 for the 2037 Notes
Interest Payment Dates	We will pay interest on the Notes of each series on January 15 and July 15 of each year, beginning on July 15, 2007.
Optional Redemption	We may redeem the Notes of either series, in whole or in part, at any time and from time to time at a price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on the Notes to be redeemed, discounted to the redemption date on a semi annual basis at the Adjusted Treasury Rate (as defined herein) plus 25 basis points in the case of the 2017 Notes and 30 basis points in the case of the 2037 Notes, together with accrued interest to the date of redemption. Please read the section of this prospectus entitled Description of the Notes Optional Redemption.
Guarantees	Initially, all payments with respect to the Notes (including principal and interest) are fully and unconditionally guaranteed, jointly and severally, by substantially all of our existing subsidiaries. In the future, our subsidiaries that guarantee other indebtedness of ours or another subsidiary must also guarantee the Notes. The guarantees are also subject to release in certain circumstances. The guarantees of each series are general unsecured obligations of the subsidiary guarantors and rank equally with the existing

	and future senior unsecured indebtedness of the subsidiary guarantors.
Ranking	The Notes are general senior unsecured obligations of the issuers and rank equally with the Notes of the other series and with the existing and future senior unsecured indebtedness of the issuers.

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Certain Covenants	The indenture governing the Notes contains covenants that limit our ability, with certain exceptions, to: incur liens on principal properties to secure debt; engage in sale-leaseback transactions; and merge or consolidate with another entity or sell, lease or transfer substantially all of our properties or assets to another entity.
Transfer Restrictions; Absence of a Public Market for the Notes	The new Notes generally will be freely transferable, but will also be new securities for which there will not initially be a market. There can be no assurance as to the development or liquidity of any market for the new Notes.

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RISK FACTORS

In addition to the other information set forth elsewhere or incorporated by reference in this prospectus (including the risk factors included in our 2006 Annual Report on Form 10-K) the following factors relating to our partnership and the exchange offers and the Notes should be considered carefully in deciding whether to participate in the exchange offers.

Risks Related to the Exchange Offer and the Notes

If you do not properly tender your outstanding Notes, you will continue to hold unregistered outstanding Notes and your ability to transfer outstanding Notes will be adversely affected.

We will only issue new Notes in exchange for outstanding Notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the outstanding Notes and you should carefully follow the instructions on how to tender your outstanding Notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of outstanding Notes.

If you do not exchange your outstanding Notes for new Notes pursuant to the applicable exchange offer, the outstanding Notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the outstanding Notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register outstanding Notes under the Securities Act unless our registration rights agreement with the initial purchaser of the outstanding Notes requires us to do so. Further, if you continue to hold any outstanding Notes after the applicable exchange offer is consummated, you may have trouble selling them because there will be fewer Notes outstanding.

Your right to receive payments on the Notes and the subsidiary guarantees is unsecured and will be effectively subordinated to our and our subsidiary guarantors existing and future secured indebtedness as well as to any existing and future indebtedness of our subsidiaries that do not guarantee the Notes.

The Notes are effectively subordinated to claims of our secured creditors, and the guarantees are effectively subordinated to the claims of our secured creditors as well as the secured creditors of our subsidiary guarantors. Although substantially all of our subsidiaries, other than PAA Finance Corp., the co-issuer of the Notes, will initially guarantee the Notes, the guarantees are subject to release under certain circumstances, and we may have subsidiaries that are not guarantors. In that case, the Notes would be effectively subordinated to the claims of all creditors, including trade creditors and tort claimants, of our subsidiaries that are not guarantors. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of a subsidiary that is not a guarantor, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the Notes.

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EXCHANGE OFFERS

Purpose and Effect of the Exchange Offers

In connection with the issuance of the outstanding Notes, we entered into registration rights agreements with respect to each series of Notes. Under the registration rights agreements, we agreed to use our reasonable best efforts to:

- within 180 days after the original issuance of the outstanding Notes on October 30, 2006, file a registration statement with the SEC with respect to a registered offer to exchange each outstanding Note for a new Note having terms substantially identical in all material respects to such Note of such series except that the new Note will not contain terms with respect to transfer restrictions, registration rights or additional interest;

- cause the registration statement to be declared effective under the Securities Act within 270 days after the original issuance of the outstanding Notes;

- consummate the exchange of the outstanding Notes for new Notes within 300 days after the original issuance of the outstanding Notes;

- promptly following the effectiveness of the registration statement, offer the new Notes in exchange for surrender of the outstanding Notes;

- keep the exchange offers open for not less than 20 business days (or longer if required by applicable law) after the date notice of the exchange offers is mailed to the holders of the outstanding Notes; and

- exchange new Notes for all outstanding Notes validly tendered and not withdrawn before the expiration date.

We have fulfilled the agreements described in the first two preceding bullet points and are now offering eligible holders of the outstanding Notes the opportunity to exchange their outstanding Notes for new Notes registered under the Securities Act. Holders are eligible if they are not prohibited by any law or policy of the SEC from participating in this exchange offer. The new Notes will be substantially identical to the outstanding Notes except that the new Notes will not contain terms with respect to transfer restrictions, registration rights or additional interest.

Under limited circumstances, we agreed to use our reasonable best efforts to cause the SEC to declare effective a shelf registration statement for the resale of the outstanding Notes. We also agreed to use our reasonable best efforts to keep the shelf registration statement effective for up to two years after its effective date. The circumstances include if:

- a change in law or in applicable interpretations thereof by the staff of the SEC do not permit us to effect the exchange offer;

- for any other reason the exchange offer is not consummated within 300 days from October 30, 2006, the date of the original issuance of the outstanding Notes;

- an initial purchaser notifies us following consummation of the applicable exchange offer that outstanding Notes held by it are not eligible to be exchanged for new Notes in the exchange offer; or

- any holder other than an initial purchaser is not eligible to participate in the applicable exchange offer.

Subject to certain exceptions, we will pay additional cash interest on the applicable outstanding Notes if:

the exchange offer registration statement is not filed with the SEC on or before the 180th day after the original issuance of the outstanding Notes;

the exchange offer registration statement is not declared effective by the SEC on or before the 270th day after the original issuance of the outstanding Notes;

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the exchange offers are not consummated on or before the 270th day after October 30, 2006, the date of the original issuance of the outstanding Notes;

being obligated to file a shelf registration statement, we fail to file the shelf registration statement with the SEC on or prior to the 180th day after the date on which the obligation to file a shelf registration statement arises;

being obligated to file a shelf registration statement, the shelf registration statement is not declared effective on or prior to the 270th day after the date on which the obligation to file a shelf registration statement arises; or

after this registration statement or the shelf registration statement, as the case may be, is declared effective, such registration statement thereafter ceases to be effective (subject to certain exceptions) (each such event referred to in the preceding clauses being a registration default).

Such additional interest will be payable from and including the date on which any such registration default occurs to the date on which all registration defaults have been cured.

The rate of the additional interest on the applicable Notes will be 0.25% per year for the first 90-day period immediately following the occurrence of a registration default, and such rate will increase by an additional 0.25% per year with respect to each subsequent 90-day period until all registration defaults have been cured, up to a maximum additional interest rate of 0.50% per year. We will pay such additional interest on regular interest payment dates. Such additional interest will be in addition to any other interest payable from time to time with respect to the outstanding Notes and the new Notes.

Upon the filing or effectiveness of this registration statement, the consummation of the exchange offer, the filing or effectiveness of a shelf registration statement, or the effectiveness of a succeeding registration statement, as the case may be, the interest rate borne by the Notes from the date of such filing, effectiveness or consummation, as the case may be, will be reduced to the original interest rate. However, if after any such reduction in interest rate, a different event specified in the clauses above occurs, the interest rate may again be increased pursuant to the preceding provisions.

To exchange your outstanding Notes for transferable new Notes in the exchange offer, you will be required to make the following representations:

any new Notes will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in the distribution of the new Notes;

if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the new Notes within the meaning of the Securities Act;

if you are a broker-dealer that will receive new Notes for your own account in exchange for outstanding Notes, you acquired those Notes as a result of market-making activities or other trading activities and you will deliver a prospectus, as required by law, in connection with any resale of such new Notes; and

you are not our affiliate, as defined in Rule 405 of the Securities Act.

In addition, we may require you to provide information to be used in connection with the shelf registration statement to have your outstanding Notes included in the shelf registration statement. A holder who sells outstanding Notes under the shelf registration statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers. Such a holder will also be subject to the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement that are applicable to such a holder, including indemnification obligations.

The description of the registration rights agreement contained in this section is a summary only. For more information, you should review the provisions of the registration rights agreement that we filed with the SEC as an exhibit to the registration statement of which this prospectus is a part.

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Resale of New Notes

Based on no-action letters of the SEC staff issued to third parties, we believe that new Notes may be offered for resale, resold and otherwise transferred by you without further compliance with the registration and prospectus delivery provisions of the Securities Act if:

you are not our affiliate within the meaning of Rule 405 under the Securities Act;

such new Notes are acquired in the ordinary course of your business; and

you do not intend to participate in a distribution of the new Notes.

The SEC, however, has not considered the exchange offer for the new Notes in the context of a no-action letter, and the SEC may not make a similar determination as in the no-action letters issued to these third parties.

If you tender in the exchange offer with the intention of participating in any manner in a distribution of the new Notes, you

cannot rely on such interpretations by the SEC staff; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Unless an exemption from registration is otherwise available, any security holder intending to distribute new Notes should be covered by an effective registration statement under the Securities Act. The registration statement should contain the selling security holder s information required by Item 507 of Regulation S-K under the Securities Act.

This prospectus may be used for an offer to resell, resale or other retransfer of new Notes only as specifically described in this prospectus. Failure to comply with the registration and prospectus delivery requirements by a holder subject to these requirements could result in that holder incurring liability for which it is not indemnified by us. If you are a broker-dealer, you may participate in the exchange offer only if you acquired the outstanding Notes as a result of market-making activities or other trading activities. Each broker-dealer that receives new Notes for its own account in exchange for outstanding Notes, where such outstanding Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge in the letter of transmittal that it will deliver a prospectus in connection with any resale of the new Notes. Please read the section captioned Plan of Distribution for more details regarding the transfer of new Notes.

Terms of the Exchange Offers

Subject to the terms and conditions described in this prospectus and in the applicable letter of transmittal, we will accept for exchange any outstanding Notes properly tendered and not withdrawn prior to 5:00 p.m. New York City time on the expiration date. We will issue new Notes in principal amount equal to the principal amount of outstanding Notes surrendered under the exchange offer. Outstanding Notes may be tendered only for new Notes and only in integral multiples of $1,000.

Neither exchange offer is conditioned upon any minimum aggregate principal amount of outstanding Notes being tendered for exchange. Each exchange offer will be conducted independently from the other exchange offer, and consummation of one exchange offer will not be conditioned upon consummation of the other.

As of the date of this prospectus, $400 million in aggregate principal amount of the 2017 Notes are outstanding and $600 million in aggregate principal amount of the 2037 Notes are outstanding. This prospectus is being sent to DTC, the sole registered holder of the outstanding Notes, and to all persons that we can identify as beneficial owners of the outstanding Notes. There will be no fixed record date for determining registered holders of outstanding Notes entitled to participate in either exchange offer.

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We intend to conduct each exchange offer in accordance with the provisions of the applicable registration rights agreement and the applicable requirements of the Securities Act, the Securities Exchange Act of 1934 and the rules and regulations of the SEC. Outstanding Notes that the holders thereof do not tender for exchange in the applicable exchange offer will remain outstanding and continue to accrue interest. These outstanding Notes will be entitled to the rights and benefits such holders have under the indenture relating to the Notes and the applicable registration rights agreement.

We will be deemed to have accepted for exchange properly tendered outstanding Notes when we have given oral or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the applicable registration rights agreement. The exchange agent will act as agent for the tendering holders for the purposes of receiving the new Notes from us.

If you tender outstanding Notes in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the letter of transmittal, transfer taxes with respect to the exchange of outstanding Notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important that you read the section labeled Fees and Expenses for more details regarding fees and expenses incurred in the exchange offer.

We will return any outstanding Notes that we do not accept for exchange for any reason without expense to their tendering holder as promptly as practicable after the expiration or termination of the applicable exchange offer.

Expiration Date

Each exchange offer will expire at 5:00 p.m. New York City time on July 18, 2007, unless, in our sole discretion, we extend it. We may extend one exchange offer without extending the other.

Extensions, Delays in Acceptance, Termination or Amendment

We expressly reserve the right, at any time or various times, to extend the period of time during which either exchange offer is open. During any such extensions, all outstanding Notes previously tendered will remain subject to the applicable exchange offer, and we may accept them for exchange.

In order to extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify the registered holders of outstanding Notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

If any of the conditions described below under Conditions to the Exchange Offers have not been satisfied, we reserve the right, in our sole discretion

to delay accepting for exchange any outstanding Notes,

to extend the exchange offer, or

to terminate the exchange offer,

by giving oral or written notice of such delay, extension or termination to the exchange agent. Subject to the terms of the registration rights agreement, we also reserve the right to amend the terms of either exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the registered holders of outstanding Notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement. The supplement will be distributed to the registered holders of the outstanding Notes. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we will extend such exchange offer if such exchange offer would otherwise expire during such period.

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Conditions to the Exchange Offers

We will not be required to accept for exchange, or exchange any new Notes for, any outstanding Notes if the applicable exchange offer, or the making of any exchange by a holder of outstanding Notes, would violate applicable law or any applicable interpretation of the staff of the SEC. Similarly, we may terminate either exchange offer as provided in this prospectus before accepting outstanding Notes for exchange in the event of such a potential violation.

In addition, we will not be obligated to accept for exchange the outstanding Notes of any holder that has not made to us the representations described under Purpose and Effect of the Exchange Offers, Procedures for Tendering and Plan of Distribution and such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to allow us to use an appropriate form to register the new Notes under the Securities Act.

Furthermore, we will not accept for exchange any outstanding Notes tendered, and will not issue new Notes in exchange for any such outstanding Notes, if at such time any stop order has been threatened or is in effect with respect to (1) the registration statement of which this prospectus constitutes a part or (2) the qualification of the applicable indenture relating to the Notes under the Trust Indenture Act of 1939.

We expressly reserve the right to amend or terminate either exchange offer, and to reject for exchange any outstanding Notes not previously accepted for exchange, upon the occurrence of any of the conditions to the exchange offers specified above. We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the outstanding Notes as promptly as practicable.

These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion. If we fail at any time to exercise any of these rights, this failure will not mean that we have waived our rights. Each such right will be deemed an ongoing right that we may assert at any time or at various times.

Each exchange offer is independent of the other, and the closing of one exchange offer is not conditioned upon the closing of the other.

Procedures for Tendering

In order to participate in an exchange offer, you must properly tender your outstanding Notes to the exchange agent as described below. It is your responsibility to properly tender your Notes. We have the right to waive any defects. However, we are not required to waive defects and are not required to notify you of defects in your tender.

If you have any questions or need help in exchanging your Notes, please call the exchange agent, whose address and phone number are set forth in Prospectus Summary The Exchange Offers Exchange Agent.

All of the outstanding Notes were issued in book-entry form, and all of the outstanding Notes are currently represented by global certificates held for the account of DTC. We have confirmed with DTC that the outstanding Notes may be tendered using the ATOP procedures instituted by DTC. The exchange agent will establish an account with DTC for purposes of the exchange offers promptly after the commencement of the exchange offers and DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer their outstanding Notes to the exchange agent using the ATOP procedures. In connection with the transfer, DTC will send an agent s message to the exchange agent. The agent s message will state that DTC has received instructions from the participant to tender outstanding Notes and that the participant agrees to be bound by the terms of the letter of transmittal.

By using the ATOP procedures to exchange outstanding Notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

There is no procedure for guaranteed late delivery of the Notes.

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Determinations Under the Exchange Offers

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered outstanding Notes and withdrawal of tendered outstanding Notes. Our determination will be final and binding. We reserve the absolute right to reject any outstanding Notes not properly tendered or any outstanding Notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular outstanding Notes. Our interpretation of the terms and conditions of either exchange offer, including the instructions in the applicable letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of outstanding Notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of outstanding Notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of outstanding Notes will not be deemed made until such defects or irregularities have been cured or waived. Any outstanding Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the applicable letter of transmittal, as soon as practicable following the expiration date.

When We Will Issue New Notes

In all cases, we will issue new Notes for outstanding Notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

a book-entry confirmation of such outstanding Notes into the exchange agent s account at DTC; and

a properly transmitted agent s message.

Return of Outstanding Notes Not Accepted or Exchanged

If we do not accept any tendered outstanding Notes for exchange or if outstanding Notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged outstanding Notes will be returned without expense to their tendering holder. Such non-exchanged outstanding Notes will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the applicable exchange offer.

Your Representations to Us

By agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

any new Notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in the distribution of the outstanding Notes or the new Notes within the meaning of the Securities Act;

if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the new Notes;

if you are a broker-dealer that will receive new Notes for your own account in exchange for outstanding Notes, you acquired those notes as a result of market-making activities or other trading activities and you will deliver

a prospectus, as required by law, in connection with any resale of such new Notes; and

you are not our affiliate, as defined in Rule 405 of the Securities Act.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw your tender at any time prior to 5:00 p.m. New York City time on the expiration date. For a withdrawal to be effective you must comply with the appropriate procedures of DTC s ATOP system. Any notice of withdrawal must specify the name and

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number of the account at DTC to be credited with withdrawn outstanding Notes and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any outstanding Notes so withdrawn not to have been validly tendered for exchange for purposes of the applicable exchange offer.

Any outstanding Notes that have been tendered for exchange but are not exchanged for any reason will be credited to an account maintained with DTC for the outstanding Notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn outstanding Notes by following the procedures described under Procedures for Tendering above at any time prior to 5:00 p.m., New York City time, on the expiration date.

Fees and Expenses

We will bear the expenses of soliciting tenders with respect to each exchange offer. The principal solicitation is being made by mail; however, we may make additional solicitation by telegraph, telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer manager in connection with the exchange offers and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offers. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out of pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

SEC registration fees;

fees and expenses of the exchange agent and trustee;

accounting and legal fees and printing costs; and

related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of outstanding Notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if a transfer tax is imposed for any reason other than the exchange of outstanding Notes under the applicable exchange offer.

Consequences of Failure to Exchange

If you do not exchange new Notes for your outstanding Notes under the applicable exchange offer, you will remain subject to the existing restrictions on transfer of the outstanding Notes. In general, you may not offer or sell the outstanding Notes unless the offer or sale is either registered under the Securities Act or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreements, we do not intend to register resales of the outstanding Notes under the Securities Act.

Accounting Treatment

We will record the new Notes in our accounting records at the same carrying value as the outstanding Notes of the same series. This carrying value is the aggregate principal amount of the outstanding Notes less any bond discount, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with either exchange offer.

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Other

Participation in an exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered outstanding Notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any outstanding Notes that are not tendered in the exchange offers or to file a registration statement to permit resales of any untendered outstanding Notes.

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RATIO OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31, 2007	Year Ended December 31, 2006	2005	2004	2003	2002
RATIO OF EARNINGS TO FIXED CHARGES(1)	2.36x	2.83x	3.34x	3.37x	2.36x	2.64x

(1) Includes interest costs attributable to borrowings for inventory stored in a contango market of $11.2 million for the three months ended March 31, 2007, and $49.2 million, $23.7 million, $2.0 million, $1.0 million and $3.0 million for each of the years ended December 31, 2006, 2005, 2004, 2003 and 2002, respectively.

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any cash proceeds from the issuance of the new Notes in the exchange offer. In consideration for issuing the new Notes as contemplated by this prospectus, we will receive outstanding Notes in a like principal amount. The form and terms of the new Notes are identical in all respects to the form and terms of the outstanding Notes, except the new Notes do not include certain transfer restrictions. Outstanding Notes surrendered in exchange for the new Notes will be retired and cancelled and will not be reissued. Accordingly, the issuance of the new Notes will not result in any change in our outstanding indebtedness.

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DESCRIPTION OF THE NOTES

As used in this description, the terms we, us and our refer to Plains All American Pipeline, L.P. and PAA Finance Corp. as co-issuers of the Notes and not to any of their subsidiaries or affiliates, and references to Plains All American Pipeline are to Plains All American Pipeline, L.P.

We issued the outstanding Notes, and will issue the new Notes, under an indenture (the Base Indenture) dated September 25, 2002, among us, the subsidiary guarantors and U.S. Bank National Association, as successor trustee, and two supplemental indentures thereto (each applicable to one of the series of the Notes) dated as of October 30, 2006 (each supplemental indenture, together with the Base Indenture, the Indenture). We refer to both the new Notes and the outstanding Notes in this description as the Notes. The Notes constituted two new series of debt securities under the Indenture, and six other series are now outstanding under the Base Indenture, each issued under a separate supplemental indenture.

The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended. We urge you to read the Indenture because it, and not this description, defines your rights as a holder of Notes. You may request copies of the Indenture from us as set forth under Where You Can Find More Information. Capitalized terms that are used in this prospectus have the meanings assigned to them in the Indenture, and we have included some of those definitions at the end of this section. See Definitions.

We have summarized some of the material provisions of the Notes and the Indenture below. The following description of the Notes is not complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture.

General Description of the Notes and the Guarantees

The Notes of each series are:

- our senior unsecured indebtedness ranking equally in right of payment with the Notes of the other series and with all of our existing and future unsubordinated debt;
- unconditionally guaranteed by the subsidiary guarantors;
- non-recourse to our general partner;
- senior in right of payment to any of our future subordinated debt;
- effectively junior to any of our existing and future secured debt, to the extent of the security for that debt; and
- effectively junior to any existing and future debt of our subsidiaries that do not guarantee the Notes.

Initially our obligations under the Notes will be jointly and severally guaranteed by all of the existing subsidiaries of Plains All American Pipeline other than PAA Finance Corp., Atchafalaya Pipeline, L.L.C., Andrews Partners, LLC, Pacific Energy Management LLC, Pacific Energy GP LP, Pacific Pipeline System LLC and Pacific Terminals LLC, which we sometimes refer to collectively as the non-guarantor subsidiaries. Each guarantee by a subsidiary guarantor of the Notes is:

a general unsecured obligation of that subsidiary guarantor;

equal in right of payment with all other existing and future unsubordinated debt of that subsidiary guarantor;

senior in right of payment to any future subordinated debt of that subsidiary guarantor; and

effectively junior to any secured debt of that subsidiary guarantor, to the extent of the security for that debt.

As of March 31, 2007, the Notes and the guarantees would have been effectively subordinated to approximately $803 million of short-term secured indebtedness. See Risk Factors Risks Related to the

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Exchange Offer and the Notes Your right to receive payments on the Notes and the subsidiary guarantees is unsecured and will be effectively subordinated to our and our subsidiary guarantors existing and future secured indebtedness as well as to any existing and future indebtedness of our subsidiaries that do not guarantee the Notes.

All of our current subsidiaries are guarantors except subsidiaries that are not significant. Our subsidiaries that are not subsidiary guarantors held approximately 12.6% of our consolidated assets as of March 31, 2007. These subsidiaries will not have any debt or guarantee any other indebtedness.

The Indenture does not limit the aggregate principal amount of debt securities that may be issued thereunder and provides that debt securities may be issued thereunder from time to time in one or more additional series. Except to the extent described under Covenants, the Indenture does not limit our ability or the ability of our subsidiaries to incur additional indebtedness.

Further Issuances

We may, from time to time, without notice to or the consent of the holders of the Notes, create and issue additional notes ranking equally and ratably with the Notes offered hereby in all respects, so that such additional notes form a single series with either series of the Notes and have the same terms as to status, redemption or otherwise as that series of Notes (except for the issue date, the initial payment date, if applicable, and the payment of interest accruing prior to the issue date of such additional notes). If we issue such additional notes of either series prior to the completion of the exchange offer for the Notes of the same series described under the caption Exchange Offers, the period of the resale restrictions applicable to any Notes of that series previously offered and sold in reliance on Rule 144A under the Securities Act will be automatically extended to the last day of the period of any resale restrictions imposed on any such additional notes.

Principal, Maturity and Interest

We have issued the Notes in an initial aggregate principal amount of $1.0 billion, with the 2017 Notes having an aggregate principal amount of $400 million and the 2037 Notes having an aggregate principal amount of $600 million. The 2017 Notes will mature on January 15, 2017, and the 2037 Notes will mature on January 15, 2037. The 2017 Notes and the 2037 Notes will bear interest at the annual rate of 6.125% and 6.650%, respectively. Additional interest may also accrue on the Notes of either series in the circumstances described under Exchange Offers. All references to interest in this description of Notes include any such additional interest. Interest on the Notes will accrue from October 30, 2006 and will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing July 15, 2007. We will make each interest payment to the holders of record at the close of business on the January 1 and July 1 preceding such interest payment dates. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. We will issue the Notes in minimum denominations of $2,000 and integral multiples of $1,000.

No Liability of General Partner

Plains All American Pipeline s general partner and its directors, officers, employees and partners (in their capacities as such) will not have any liability for our obligations under the Notes. In addition, the Managing General Partner, and its directors, officers, employees and members, will not have any liability for our obligations under the Notes. By accepting the Notes, each holder waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. This waiver may not be effective, however, to waive liabilities under the federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

The Guarantees

Initially, our payment obligations under the Notes are jointly and severally guaranteed by all existing Subsidiaries of Plains All American Pipeline other than the non-guarantor subsidiaries. The obligations of each

subsidiary guarantor under its guarantee are limited to the maximum amount that will, after giving effect to all other contingent and fixed liabilities of the subsidiary guarantor and to any collections from or payments made by or on behalf of any other subsidiary guarantor in respect of the obligations of the other subsidiary guarantor under its guarantee, result in the obligations of the subsidiary guarantor under the guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law.

Provided that no default shall have occurred and shall be continuing under the Indenture, a subsidiary guarantor will be unconditionally released and discharged from its guarantee:

upon any sale or other disposition of all or substantially all of the assets of that subsidiary guarantor, including by way of merger, consolidation or otherwise, to any person that is not our affiliate (provided such sale or other disposition is not prohibited by the Indenture);

upon any sale or other disposition of all of our direct or indirect equity interests in that subsidiary guarantor to any person that is not our affiliate; or

following the release of all guarantees by the subsidiary guarantor of any debt of ours and any Subsidiary of Plains All American Pipeline (other than debt securities issued under the Indenture), upon delivery by us to the trustee of a written notice of such release.

If at any time after the issuance of the Notes, including following any release of a subsidiary guarantor from its guarantee under the Indenture, a Subsidiary of Plains All American Pipeline (including any future Subsidiary) guarantees any of our debt or any debt of Plains All American Pipeline s other Subsidiaries, we will cause such Subsidiary to guarantee the Notes in accordance with the Indenture by simultaneously executing and delivering a supplemental indenture.

Optional Redemption

The Notes are redeemable, in whole or in part, at our option at any time and from time to time prior to maturity at a redemption price equal to the greater of (a) 100% of the principal amount of the Notes to be redeemed, and (b) as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of those payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming 360-day years, each consisting of twelve 30-day months), at the Adjusted Treasury Rate plus 25 basis points in the case of the 2017 Notes and 30 basis points in the case of the 2037 Notes, in each case together with accrued interest to the date of redemption.

Adjusted Treasury Rate means, with respect to any date of redemption, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the date of redemption.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those Notes.

Comparable Treasury Price means, with respect to any date of redemption (a) the average of the Reference Treasury Dealer Quotations for the date of redemption, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (b) if the trustee obtains fewer than four Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

Quotation Agent means UBS Securities LLC or another Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (a) UBS Securities LLC and its successors; provided, however, that if the foregoing shall cease to be a primary U.S. Government securities dealer in the United States (a Primary Treasury Dealer), we shall substitute another Primary Treasury Dealer; and (b) any other Primary Treasury Dealer selected by us.

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Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that date of redemption.

Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes or portions thereof called for redemption.

On or before a redemption date, we will deposit with a paying agent (or with the trustee) sufficient money to pay the redemption price and accrued interest on the Notes to be redeemed.

If less than all of the Notes are to be redeemed at any time, the trustee will select Notes (or any portion of Notes in integral multiples of $1,000) for redemption as follows:

- if the Notes are listed, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or

- if the Notes are not so listed or there are no such requirements, on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate.

However, no Note with a principal amount of $2,000 or less will be redeemed in part. Notice of optional redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note to be redeemed.

Events of Default

Each of the following is an Event of Default with respect to each series of Notes:

- default in payment when due of the principal of or any premium on any Note of that series at maturity, upon redemption or otherwise;

- default for 60 days in the payment when due of interest on any Note of that series;

- failure by us or, so long as the Notes of that series are guaranteed by a subsidiary guarantor, by such subsidiary guarantor, for 30 days after receipt of notice from the trustee or the holders to comply with any other term, covenant or warranty in the Indenture or the Notes of that series (provided that notice need not be given, and an Event of Default will occur, 30 days after any breach of the covenants described under Consolidation, Merger or Sale);

- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any debt for money borrowed of us or any of the Subsidiaries of Plains All American Pipeline (or the payment of which is guaranteed by Plains All American Pipeline or any of its Subsidiaries), whether such debt or guarantee now exists or is created after the Issue Date, if (a) that default (x) is caused by a failure to pay principal of or premium, if any, or interest on such debt prior to the expiration of any grace period provided in such debt (a Payment Default), or (y) results in the acceleration of the maturity of such debt to a date prior to its originally stated maturity, and, (b) in each case described in clause (x) or (y) above, the principal amount of any such debt, together with the principal amount of any other such debt under which there

has been a Payment Default or the maturity of which has been so accelerated, aggregates $25 million or more; provided that if any such default is cured or waived or any such acceleration rescinded, or such debt is repaid, within a period of 30 days from the continuation of such default beyond the applicable grace period or the occurrence of such acceleration, as the case may be, such Event of Default and any consequential acceleration of the Notes shall be automatically rescinded, so long as such rescission does not conflict with any judgment or decree;

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specified events in bankruptcy, insolvency or reorganization of us or, so long as the Notes of that series are guaranteed by a subsidiary guarantor, by such subsidiary guarantor; or

so long as the Notes of that series are guaranteed by a subsidiary guarantor:

the guarantee by such subsidiary guarantor ceases to be in full force and effect, except as otherwise provided in the Indenture;

the guarantee by such subsidiary guarantor is declared null and void in a judicial proceeding; or

such subsidiary guarantor denies or disaffirms its obligations under the Indenture or its guarantee.

An Event of Default for a particular series of Notes will not necessarily constitute an Event of Default for the other series of Notes or for any other series of debt securities that may be issued under the Base Indenture. In the case of an Event of Default arising from certain events of bankruptcy, insolvency or reorganization involving us, but not any subsidiary guarantor, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing with respect to a series of Notes, the trustee or the holders of at least 25% in principal amount of the then outstanding Notes of that series may declare all the Notes of that series to be due and payable immediately.

Consolidation, Merger or Sale

We will not merge, amalgamate or consolidate with or into any other Person or sell, convey, lease, transfer or otherwise dispose of all or substantially all of our assets to any Person, whether in a single transaction or series of related transactions, except in accordance with the provisions of the partnership agreement of Plains All American Pipeline, and unless:

we are the surviving Person in the case of a merger, or the surviving Person:

is a partnership, limited liability company or corporation organized under the laws of the United States, a state thereof or the District of Columbia, provided that PAA Finance Corp. may not merge, amalgamate or consolidate with or into another Person other than a corporation satisfying such requirement for so long as Plains All American Pipeline is not a corporation; and

expressly assumes, by supplemental indenture in form reasonably satisfactory to the trustee, the due and punctual payment of the principal of, premium, if any, and interest on all of the Notes, and the due and punctual performance or observance of all the other obligations under the Indenture to be performed or observed by us;

immediately after giving effect to the transaction or series of transactions, no Default or Event of Default has occurred and is continuing;

if we are not the surviving Person, then each subsidiary guarantor, unless such subsidiary guarantor is the Person with which we have consummated a transaction under this provision, shall have confirmed that its guarantee of the Notes shall continue to apply to the obligations under the Notes and the Indenture; and

we have delivered to the trustee an officers certificate and opinion of counsel, each stating that the merger, amalgamation, consolidation, sale, conveyance, transfer, lease or other disposition, and if a supplemental

indenture is required, the supplemental indenture, comply with the Indenture and all other conditions precedent to the transaction have been complied with.

Thereafter, the surviving Person will be substituted for us under the Indenture. If we sell or otherwise dispose of (except by lease) all or substantially all of our assets and the above stated requirements are satisfied, we will be released from all our liabilities and obligations under the Indenture. If we lease all or substantially all of our assets, we will not be so released from our obligations under the Indenture.

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Modification of the Indenture

Generally, we, the subsidiary guarantors and the trustee may amend or supplement the Indenture, the guarantees and the Notes with the written consent of the holders of at least a majority in principal amount of the then outstanding Notes of the affected series. However, without the consent of each holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a nonconsenting holder):

reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

reduce the principal of or change the fixed maturity of any note;

reduce or waive the premium payable upon redemption or alter or waive the other provisions with respect to the redemption of any Notes;

reduce the rate of or change the time for payment of interest on any note;

waive a Default or an Event of Default in the payment of principal of or premium, if any, or interest on, any Notes (except a rescission of acceleration of the Notes with respect to either series by the holders of at least a majority in aggregate principal amount of that series and a waiver of the payment default that resulted from such acceleration);

release any security that may have been granted with respect to the Notes;

make any note payable in currency other than that stated in the Notes;

make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes;

waive a redemption payment with respect to any note;

except as otherwise permitted in the Indenture, release any subsidiary guarantor from its obligations under its guarantee or the Indenture or change any guarantee in any manner that would adversely affect the rights of holders; or

make any change in the preceding amendment, supplement and waiver provisions (except to increase any percentage set forth therein).

Notwithstanding the preceding, without the consent of any holder of Notes, we and the trustee may amend or supplement the Indenture or the Notes:

to cure any ambiguity, defect or inconsistency;

to provide for uncertificated Notes in addition to or in place of certificated Notes;

to provide for the assumption of our or the confirmation of a subsidiary guarantor s obligations to holders of Notes in the case of a merger or consolidation or sale of all or substantially all of our assets;

to add or release subsidiary guarantors as permitted pursuant to the terms of the Indenture (see The Guarantees);

to make any changes that would provide any additional rights or benefits to the holders of Notes that do not, taken as a whole, adversely affect the rights under the Indenture of any holder of the Notes;

to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;

to evidence or provide for the acceptance of appointment under the Indenture of a successor trustee;

to add any additional Events of Default;

to secure the Notes and/or the guarantees; or

to establish the form or terms of any other series of debt securities under the Base Indenture.

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Covenants

Limitations on Liens

We will not, nor will we permit any Subsidiary to, create, assume, incur or suffer to exist any lien upon any Principal Property or upon any Capital Interests of any Restricted Subsidiary, whether owned or leased or hereafter acquired, to secure any of our debt or any debt of any other Person (other than debt securities issued under the Indenture), without in any such case making effective provision whereby all of the Notes shall be secured equally and ratably with, or prior to, such debt so long as such debt shall be so secured. The following are excluded from this restriction:

Permitted Liens;

any lien upon any property or assets created at the time of acquisition of such property or assets by us or any Restricted Subsidiary or within one year after such time to secure all or a portion of the purchase price for such property or assets or debt incurred to finance such purchase price, whether such debt was incurred prior to, at the time of or within one year after the date of such acquisition;

any lien upon any property or assets to secure all or part of the cost of construction, development, repair or improvements thereon or to secure debt incurred prior to, at the time of, or within one year after completion of such construction, development, repair or improvements or the commencement of full operations thereof (whichever is later), to provide funds for any such purpose;

any lien upon any property or assets existing thereon at the time of the acquisition thereof by us or any Restricted Subsidiary (whether or not the obligations secured thereby are assumed by us or any Restricted Subsidiary); provided, however, that such lien only encumbers the property or assets so acquired;

any lien upon any property or assets of a Person existing thereon at the time such Person becomes a Restricted Subsidiary by acquisition, merger or otherwise; provided, however, that such lien only encumbers the property or assets of such Person at the time such Person becomes a Restricted Subsidiary;

any lien upon any of our property or assets or the property or assets of any Restricted Subsidiary in existence on December 10, 2003 or provided for pursuant to agreements existing on December 10, 2003;

liens imposed by law or order as a result of any proceeding before any court or regulatory body that is being contested in good faith, and liens which secure a judgment or other court ordered award or settlement as to which we or the applicable Restricted Subsidiary has not exhausted its appellate rights;

any extension, renewal, refinancing, refunding or replacement, or successive extensions, renewals, refinancings, refundings or replacements of liens, in whole or in part, referred to above; provided, however, that any such extension, renewal, refinancing, refunding or replacement lien shall be limited to the property or assets covered by the lien extended, renewed, refinanced, refunded or replaced and that the obligations secured by any such extension, renewal, refinancing, refunding or replacement lien shall be in an amount not greater than the amount of the obligations secured by the lien extended, renewed, refinanced, refunded or replaced and any of our expenses and the expenses of the Restricted Subsidiaries (including any premium) incurred in connection with such extension, renewal, refinancing, refunding or replacement; or

any lien resulting from the deposit of moneys or evidence of indebtedness in trust for the purpose of defeasing our debt or debt of any Restricted Subsidiary.

Notwithstanding the preceding, we may, and may permit any Restricted Subsidiary to, create, assume, incur, or suffer to exist any lien upon any Principal Property or Capital Interests of a Restricted Subsidiary to secure our debt or debt of any Person (other than debt securities issued under the Indenture), that is not excepted above without securing the Notes, provided that the aggregate principal amount of all debt then outstanding secured by such lien and all other liens not excepted above, together with all Attributable

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Indebtedness from Sale-leaseback Transactions, excluding Sale-leaseback Transactions permitted in the first paragraph under Limitations on Sale-Leasebacks, does not exceed 10% of Consolidated Net Tangible Assets.

Limitations on Sale-Leasebacks

We will not, and will not permit any Subsidiary to, engage in a Sale-leaseback Transaction, unless:

such Sale-leaseback Transaction occurs within one year from the date of completion of the acquisition of the Principal Property subject thereto or the date of the completion of construction, development or substantial repair or improvement, or commencement of full operations on such Principal Property, whichever is later;

the Sale-leaseback Transaction involves a lease for a period, including renewals, of not more than three years;

the Attributable Indebtedness from that Sale-leaseback Transaction is an amount equal to or less than the amount that we or such Subsidiary would be allowed to incur as debt secured by a lien on the Principal Property subject thereto without equally and ratably securing the Notes; or

we or such Subsidiary, within a one-year period after such Sale-leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale-leaseback Transaction to (A) the prepayment, repayment, redemption, reduction or retirement of any Pari Passu Debt of us or any Subsidiary, or (B) the expenditure or expenditures for Principal Property used or to be used in the ordinary course of the business of Plains All American Pipeline or that of its Subsidiaries.

Notwithstanding the preceding, we may, and may permit any Subsidiary of Plains All American Pipeline to, effect any Sale-leaseback Transaction that is not excepted above, provided that the Attributable Indebtedness from such Sale-leaseback Transaction, together with the aggregate principal amount of then outstanding debt (other than debt securities issued under the Indenture) secured by liens upon Principal Properties not excepted in the first paragraph under Limitations on Liens, do not exceed 10% of Consolidated Net Tangible Assets.

SEC Reports

Regardless of whether Plains All American Pipeline is required to remain subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, it will electronically file with the SEC, so long as either series of Notes are outstanding, the annual, quarterly and other periodic reports that it is required to file (or would otherwise be required to file) with the SEC pursuant to Sections 13 and 15(d) of the Exchange Act, and such documents will be filed with the SEC on or prior to the respective dates (the Required Filing Dates) by which it is required to file (or would otherwise be required to file) such documents, unless, in each case, such filings are not then permitted by the SEC.

If such filings are not then permitted by the SEC, or such filings are not generally available on the Internet free of charge, we will provide the trustee with, and the trustee will mail to any holder of Notes requesting in writing to the trustee copies of, such annual, quarterly and other periodic reports specified in Sections 13 and 15(d) of the Exchange Act within 15 days after its Required Filing Date.

In addition, we will furnish to the holders of Notes and to prospective investors, upon the requests of holders of Notes, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, so long as the Notes are not freely transferable under the Securities Act.

Defeasance and Discharge

At any time we may terminate all our obligations under the Indenture as they relate to either series of Notes (legal defeasance), except for certain obligations, including those respecting the defeasance trust and timely payments therefrom and obligations to register the transfer of or exchange the Notes of either series, to

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replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes of the relevant series.

Also, at any time we may terminate our obligations under covenants described in the last paragraph of The Guarantees, under Covenants and under SEC Reports with respect to the Notes of either series (covenant defeasance), and thereafter our failure to comply with any of such covenants would not constitute an Event of Default.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option. If we exercise our legal defeasance option, each guarantee obligation will be deemed to have been discharged with respect to the Notes of the relevant series.

In order to exercise either defeasance option, we must irrevocably deposit in trust (the defeasance trust) with the trustee money, U.S. Government Obligations (as defined in the Indenture) or a combination thereof for the payment of principal, premium, if any, and interest on the Notes of the relevant series to redemption or stated maturity, as the case may be, and must comply with certain other conditions, including delivery to the trustee of an opinion of counsel to the effect that holders of the Notes of the relevant series will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred. In the case of legal defeasance only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or other change in applicable federal income tax law.

In the event of any legal defeasance, holders of the Notes of the relevant series would be entitled to look only to the trust for payment of principal of and any premium and interest on their Notes until maturity.

Although the amount of money and U.S. Government Obligations on deposit with the trustee would be intended to be sufficient to pay amounts due on the defeased Notes of the relevant series at the time of their stated maturity, if we exercise our covenant defeasance option for the Notes and the Notes are declared due and payable because of the occurrence of an Event of Default, such amount may not be sufficient to pay amounts due on the Notes of the relevant series at the time of the acceleration resulting from such Event of Default. We would remain liable for such payments, however.

In addition, we may discharge all our obligations under the Indenture with respect to either series of Notes, other than certain obligations to the trustee and our obligation to register the transfer of and exchange Notes, provided that we either:

- deliver all outstanding Notes of the relevant series to the trustee for cancellation; or

- all Notes of the relevant series not so delivered for cancellation have either become due and payable or will become due and payable at their stated maturity within one year or are to be called for redemption within one year, and in the case of this bullet point we have irrevocably deposited with the trustee in trust an amount of cash or U.S. Government Obligations or a combination thereof sufficient to pay the entire indebtedness of the Notes of the relevant series, including interest and premium, if any, to the stated maturity or applicable redemption date.

Concerning the Trustee

U.S. Bank National Association will act as indenture trustee, security registrar and paying agent with respect to the Notes. The trustee makes no representation or warranty, express or implied, as to the accuracy or completeness of any information contained in this confidential offering memorandum, except for such information that specifically pertains

to the trustee, or any information incorporated by reference.

Governing Law

The Indenture and the Notes will be governed by and construed in accordance with the law of the State of New York.

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Definitions

Attributable Indebtedness, when used with respect to any Sale-leaseback Transaction, means, as at the time of determination, the present value, discounted at the rate set forth or implicit in the terms of the lease included in such transaction, of the total obligations of the lessee for rental payments, other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights during the remaining term of the lease included in such Sale-leaseback Transaction including any period for which such lease has been extended. In the case of any lease that is terminable by the lessee upon the payment of a penalty or other termination payment, such amount shall be the lesser of the amount determined assuming termination upon the first date such lease may be terminated, in which case the amount shall also include the amount of the penalty or termination payment, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated, or the amount determined assuming no such termination.

Board of Directors means (a) with respect to Plains All American Pipeline, the board of directors of the Managing General Partner, and (b) with respect to PAA Finance Corp., its board of directors or, in each case, with respect to any determination or resolution permitted to be made under the Indenture, any authorized committee or subcommittee of such board.

Capital Interests means any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, including, without limitation, with respect to partnerships, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such Person.

Consolidated Net Tangible Assets means, at any date of determination, the total amount of assets after deducting therefrom:

(1) all current liabilities excluding:

(a) any current liabilities that by their terms are extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed; and

(b) current maturities of long-term debt; and

(2) the amount, net of any applicable reserves, of all goodwill, trade names, trademarks, patents and other like intangible assets,

all as set forth on the consolidated balance sheet of Plains All American Pipeline for its most recently completed fiscal quarter, prepared in accordance with generally accepted accounting principles.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Funded Debt means all debt maturing one year or more from the date of the creation thereof, all debt directly or indirectly renewable or extendible, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and all debt under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

Issue Date means the date on which the Notes are initially issued.

Managing General Partner means Plains All American GP LLC, a Delaware limited liability company, and its successors and permitted assigns, as general partner of Plains AAP, L.P., a Delaware limited partnership (and its successors and permitted assigns, as general partner of Plains All American Pipeline) or as the business entity with the ultimate authority to manage the business and operations of Plains All American Pipeline.

Pari Passu Debt means any of our Funded Debt, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Funded Debt, the instrument creating or

evidencing the same or pursuant to which the same is outstanding expressly provides that such Funded Debt shall be subordinated in right of payment to the Notes.

Permitted Liens means:

(1) liens upon rights-of-way for pipeline purposes;

(2) any statutory or governmental lien or lien arising by operation of law, or any mechanics , repairmen s, materialmen s, suppliers , carriers , landlords , warehousemen s or similar lien incurred in the ordinary course of business which is not yet due or which is being contested in good faith by appropriate proceedings and any undetermined lien which is incidental to construction, development, improvement or repair;

(3) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or by any provision of law, to purchase or recapture or to designate a purchaser of any property;

(4) liens of taxes and assessments which are:

(a) for the then current year,

(b) not at the time delinquent, or

(c) delinquent but the validity of which is being contested at the time by us or any Restricted Subsidiary in good faith;

(5) liens of, or to secure performance of, leases, other than capital leases;

(6) any lien upon, or deposits of, any assets in favor of any surety company or clerk of court for the purpose of obtaining indemnity or stay of judicial proceedings;

(7) any lien upon property or assets acquired or sold by us or any Restricted Subsidiary resulting from the exercise of any rights arising out of defaults on receivables;

(8) any lien incurred in the ordinary course of business in connection with worker s compensation, unemployment insurance, temporary disability, social security, retiree health or similar laws or regulations or to secure obligations imposed by statute or governmental regulations;

(9) any lien in favor of us or any Restricted Subsidiary;

(10) any lien in favor of the United States of America or any state thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any state thereof, to secure partial, progress, advance, or other payments pursuant to any contract or statute, or any debt incurred by us or any Restricted Subsidiary for the purpose of financing all or any part of the purchase price of, or the cost of constructing, developing, repairing or improving, the property or assets subject to such lien;

(11) any lien securing industrial development, pollution control or similar revenue bonds;

(12) any lien securing our debt or debt of any Restricted Subsidiary, all or a portion of the net proceeds of which are used, substantially concurrently with the funding thereof (and for purposes of determining such substantial concurrence, taking into consideration, among other things, required notices to be given to holders of outstanding debt securities under the Indenture (including the Notes) in connection with such refunding, refinancing or repurchase, and

the required corresponding durations thereof), to refinance, refund or repurchase all outstanding debt securities under the Indenture (including the Notes), including the amount of all accrued interest thereon and reasonable fees and expenses and premium, if any, incurred by us or any Restricted Subsidiary in connection therewith;

(13) liens in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds or surety obligations required or requested by any governmental authority in connection with any contract or statute;

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(14) any lien upon or deposits of any assets to secure performance of bids, trade contracts, leases or statutory obligations;

(15) any lien or privilege vested in any grantor, lessor or licensor or permittor for rent or other charges due or for any other obligations or acts to be performed, the payment of which rent or other charges or performance of which other obligations or acts is required under leases, easements, rights-of-way, leases, licenses, franchises, privileges, grants or permits, so long as payment of such rent or the performance of such other obligations or acts is not delinquent or the requirement for such payment or performance is being contested in good faith by appropriate proceedings;

(16) easements, exceptions or reservations in any property of Plains All American Pipeline or any property of any of its Restricted Subsidiaries granted or reserved for the purpose of pipelines, roads, the removal of oil, gas, coal or other minerals, and other like purposes for the joint or common use of real property, facilities and equipment, which are incidental to, and do not materially interfere with, the ordinary conduct of its business or the business of Plains All American Pipeline and its Subsidiaries, taken as a whole;

(17) liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farmout agreements, division orders, contracts for sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements arising in the ordinary course of Plains All American Pipeline s or any Restricted Subsidiary s business that are customary in the business of marketing, transportation and terminalling of crude oil and/or marketing of liquefied petroleum gas; or

(18) any obligations or duties to any municipality or public authority with respect to any lease, easement, right-of-way, license, franchise, privilege, permit or grant.

Person means any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, other entity, unincorporated organization or government or any agency or political subdivision thereof.

Principal Property means, whether owned or leased on the Issue Date or thereafter acquired:

(1) any of the pipeline assets of Plains All American Pipeline or the pipeline assets of any Subsidiary of Plains All American Pipeline, including any related facilities employed in the transportation, distribution, terminalling, gathering, treating, processing, marketing or storage of crude oil or refined petroleum products, natural gas, natural gas liquids, fuel additives or petrochemicals; and

(2) any processing or manufacturing plant or terminal owned or leased by Plains All American Pipeline or any Subsidiary of Plains All American Pipeline; except, in either case above:

(a) any such assets consisting of inventories, furniture, office fixtures and equipment, including data processing equipment, vehicles and equipment used on, or useful with, vehicles, and

(b) any such assets, plant or terminal which, in the good faith opinion of the Board of Directors, is not material in relation to the activities of Plains All American Pipeline or the activities of Plains All American Pipeline and its Subsidiaries, taken as a whole.

Restricted Subsidiary means any Subsidiary of Plains All American Pipeline owning or leasing, directly or indirectly through ownership in another Subsidiary, any Principal Property.

Sale-leaseback Transaction means the sale or transfer by us or any Subsidiary of Plains All American Pipeline of any Principal Property to a Person (other than us or a Subsidiary of Plains All American Pipeline) and the taking back by us or any Subsidiary of Plains All American Pipeline, as the case may be, of a lease of such Principal Property.

Securities Act means the Securities Act of 1933, as amended.

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Subsidiary means, with respect to any Person:

(1) any other Person of which more than 50% of the total voting power of shares or other Capital Interests entitled, without regard to the occurrence of any contingency, to vote in the election of directors, managers or trustees (or equivalent persons) thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof; or

(2) in the case of a partnership, more than 50% of the partners Capital Interests, considering all partners Capital Interests as a single class, is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material U.S. federal income tax consequences of the exchange of outstanding notes for new notes and is the opinion of Vinson & Elkins L.L.P., counsel to the general partner and us, as it relates to legal conclusions with respect to matters of U.S. federal income tax law. In the opinion of Vinson & Elkins L.L.P., the exchange of outstanding notes for new notes will not be an exchange or otherwise a taxable event to a holder for United States federal income tax purposes. Accordingly, a holder will have the same adjusted issue price, adjusted basis and holding period in the new notes as it had in the outstanding notes immediately before the exchange. The legal conclusions of Vinson & Elkins L.L.P. are based upon the Internal Revenue Code of 1986, as amended, Treasury Regulations, Internal Revenue Service rulings and pronouncements and judicial decisions now in effect, all of which may be subject to change at any time by legislative, judicial or administrative action. These changes may be applied retroactively in a manner that could adversely affect a holder of new notes. The legal conclusions of Vinson & Elkins L.L.P. do not consider the effect of any applicable foreign, state, local or other tax laws or estate or gift tax considerations. Each holder is encouraged to consult, and depend on, his own tax advisor in analyzing the particular tax consequences of exchanging such holder s outstanding notes for new notes, including the applicability and effect of any federal, state, local and foreign tax laws.

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PLAN OF DISTRIBUTION

Based on interpretations by the staff of the SEC in no-action letters issued to third parties, we believe that you may transfer new Notes issued under either exchange offer in exchange for the outstanding Notes if:

- you acquire the new Notes in the ordinary course of your business; and
- you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of such new Notes.

You may not participate in either exchange offer if you are:

- our affiliate within the meaning of Rule 405 under the Securities Act; or
- a broker-dealer that acquired outstanding Notes directly from us.

Each broker-dealer that receives new Notes for its own account pursuant to either exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new Notes. To date, the staff of the SEC has taken the position that broker-dealers may fulfill their prospectus delivery requirements with respect to transactions involving an exchange of securities such as these exchange offers, other than a resale of an unsold allotment from the original sale of the outstanding Notes, with a prospectus contained in a registration statement like this registration statement. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new Notes received in exchange for outstanding Notes where such outstanding Notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of up to one year after the consummation of the exchange offers, we will make this prospectus, as amended or supplemented, promptly available to any broker-dealer for use in connection with any such resale.

If you wish to exchange your outstanding Notes for new Notes in the applicable exchange offer, you will be required to make representations to us as described in Exchange Offers Purpose and Effect of the Exchange Offers and Procedures for Tendering Your Representations to Us in this prospectus and in the applicable letter of transmittal. In addition, if you are a broker-dealer who receives new Notes for your own account in exchange for outstanding Notes that were acquired by you as a result of market-making activities or other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale by you of such new Notes.

We will not receive any proceeds from any sale of new Notes by broker-dealers. New Notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions:

- in the over-the-counter market;
- in negotiated transactions;
- through the writing of options on the new Notes or a combination of the preceding methods of resale;
- at market prices prevailing at the time of resale; and

at prices related to such prevailing market prices or negotiated prices.

Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such new Notes. Any broker-dealer that resells new Notes that were received by it for its own account pursuant to the exchange offers and any broker or dealer that participates in a distribution of such new Notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit of any such resale of new Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. Each letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

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For a period of one year after the consummation of each exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in a letter of transmittal. We have agreed to pay all expenses incident to each exchange offer (including the expenses of one counsel for the holders of the outstanding Notes) other than commissions or concessions of any broker-dealers and will indemnify the holders of the outstanding Notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

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LEGAL MATTERS

The validity of the new Notes and the related guarantees will be passed upon for us by Vinson & Elkins L.L.P., Houston, Texas.

EXPERTS

The financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2006 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The balance sheet of Plains AAP, L.P. incorporated in this prospectus by reference to Plains All American Pipeline, L.P. s Current Report on Form 8-K filed May 2, 2007 has been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Pacific Energy Partners, L.P. (Pacific Energy Partners) as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, an independent registered public accounting firm, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are incorporating by reference into this prospectus information we file with the SEC. This procedure means that we can disclose important information to you by referring you to documents filed with the SEC. The information we incorporate by reference is part of this prospectus and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made by Plains All American Pipeline, L.P. (Commission File No. 1-14569) with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (excluding any information furnished and not filed with the SEC) until the offering under this registration statement is completed:

Annual Report on Form 10-K for the year ended December 31, 2006;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2007;

Exhibit 99.3 to the Current Report on Form 8-K filed with the Commission on November 21, 2006 (audited financial statements of Pacific Energy Partners);

Current Report on Form 8-K filed with the Commission on May 2, 2007 (audited balance sheet of Plains AAP, L.P. dated December 31, 2006); and

Current Report on Form 8-K filed with the Commission on February 28, 2007 (LTIP grants to Named Executive Officers).

You may request a copy of these filings at no cost by making written or telephone requests for copies to:

Plains All American Pipeline, L.P.
333 Clay Street, Suite 1600
Houston, Texas 77002

The Company recognizes through the deferral method, the impact of income taxes originating from temporary differences existing between income tax expense calculated on the basis of net income, determined in accordance with VenGAAP, and taxable income for the period, in accordance with current tax legislation. Such tax effect is assigned to future periods in which such temporary differences will be realized.

Recording of deferred income tax benefit is subject to a reasonable expectation of realization and a deferred tax asset can not be credited against results for an amount exceeding tax based on taxable income. Based on tax results from prior years and current conditions of economic uncertainty, the Company has not recorded the potential asset resulting from deferring the tax effect of temporary reconciliation differences.

n) Employee severance benefits and other benefits

Employee severance benefits are calculated and recorded in accordance with the Venezuelan labor law and the Company s current collective bargaining agreement.

Under the current Labor Law, employees earn a severance indemnity equal to 5 days salary per month, up to a total of 60 days per year of service. Labor indemnities are earned once an employee has completed 3 months of continuous service. Beginning with the second year of service, the employees earn an additional 2 days salary for each year of service (or fraction of a year greater than six months), cumulative up to a maximum of 30 days salary. Severance benefits must be funded and deposited monthly in either an individual trust or a severance fund, or accrued in the employer s accounting records, as specified in writing by each employee.

In the event of unjustified or involuntary termination, employees have the right to an additional indemnification payment of one month of salary per year of service up to a maximum of 150 days of current salary. Furthermore, in the event of involuntary termination, the Law requires payment of an additional severance benefit up to a maximum of 90 days of current salary based on length of employment.

The Company has a workers benefit fund designed, among others, to award employee excellence via the granting of Company shares (see Note 14- Shareholders equity - Workers benefit fund). This contribution is recognized as an expense when the shares are awarded to the worker and it is determined based on the market value at the date when the shares are granted.

Additionally, Venezuelan labor law requires mandatory annual profit sharing distribution to all employees in amounts of up to 120 days of salary. CANTV made distributions equal to 120 days salary for the years ended December 31, 2004, 2003 and 2002, totaling Bs 75,552, Bs 69,820 and Bs 81,772, respectively.

o) Pension plan and other post-retirement benefits

The noncontributory pension plan benefit and postretirement benefits relating to health care expenses are accrued based on actuarial estimates using real discount rate and real rate of compensation increase (see Note 13 - Retirement benefits). Cumulative gains and losses in excess of 10% of the greater of Projected Benefit Obligation or market-related value of plan assets are amortized over the expected average remaining future service of the current active employees until December 31, 2004. Beginning that date, amortization period will be 4 years, which does not exceeds the expected average remaining future service of the current active employees. Actuarial gains and losses may result from differences between assumptions applied in the estimates, such as inflation rates, assets returns and actual results (see Note 13 - Retirement benefits).

p) Foreign currency denominated transactions

Foreign currency denominated transactions are recorded at the bolivar exchange rate as of the date of the transaction. Outstanding balances of foreign currency denominated assets and liabilities are translated into bolivars using the exchange rate at the balance sheet date, which was Bs 1,920/US$1 and Bs 1,600/US$1 as of December 31, 2004 and 2003, respectively

(controlled rate, see Note 21 - Exchange control and Note 5 - Balances in foreign currency). Any exchange gain or loss from the translation of these balances and transactions is reflected as exchange gain (loss), net in the Financing benefit (cost), net caption in the accompanying consolidated statements of operations (see Note 15 - Financing cost, net). The Company does not engage in hedging activities on either foreign currency balances or transactions.

q) Fair value of the financial instruments

Financial instruments are recorded in the balance sheet as part of the asset or liability at its corresponding fair market value. The carrying value of cash and equivalents, accounts receivable and accounts payable approximate their fair values since these instruments have short-term maturities. Since most of CANTV s and subsidiaries loans and other financing obligations are subject to market-variable interest, management believes that carrying values approximate their fair market value. The Company has not identified financial assets qualifying as derivatives. The Company recognizes transactions with financial instruments on the negotiation date.

r) Concentration of credit risk

Although cash and cash equivalents, accounts receivable and financial instruments of CANTV and subsidiaries are exposed to a potential credit loss risk, management believes it is not significant. Cash and cash equivalents include short-term financial investments, primarily certificates of deposit and commercial paper, which have maturities of three months or less, in high quality institutions. Most of the Company s accounts receivable are from a wide and diverse group of customers, and collectively do not represent a significant credit risk. There is a concentration of Government accounts receivables (see Note 7 - Accounts receivable from Venezuelan government entities).

The Company is also exposed to risks related to exchange rate fluctuations and interest rate fluctuation.

s) Earnings (loss) per share

Earnings (loss) per share are based on 776,240,474, 775,997,457 and 776,201,812 of average common shares outstanding at December 31, 2004, 2003 and 2002, respectively. This number of shares excludes treasury shares and shares for workers benefits. Basic and diluted earnings per share are the same for all the periods presented, since the Company did not have potential dilutive instruments.

t) Market risk:

The carrying amounts of cash and short-term investments, trade receivables and payables, and short-term and long-term debt approximate their fair values.

The Company is exposed to market risk, including changes in interest rates and foreign currency exchange rates.

The Company does not use derivative financial instruments in its investment portfolio. The Company places its investments with the highest quality issuers and, by policy, limits the amount

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of credit exposure to any one issuer. The Company is averse to principal loss and ensures the safety and preservation of its invested funds by limiting default risk and market risk by investing with U.S. and European issuers that are guaranteed by wholly-owned foreign companies with the safest and highest credit quality securities.

The Company mitigates default risk by investing in highly liquid U.S. dollar denominated short-term financial investments, primarily certificates of deposit and commercial paper, which have maturities of three months or less. The Company does not estimate any material loss with respect to its investment portfolio.

The majority of the Company s indebtedness is denominated in foreign currencies, primarily in U.S. dollars and Japanese yen, which exposes the Company to market risk associated with changes in exchange and interest rates. The Company s policy is to manage interest rate risk through the use of a combination of fixed and variable rate debt. Currently the Company does not hedge against foreign currency exposures, but keeps cash reserves in U.S. dollars to meet financing obligations. Currently, US dollars are not readily available due to the exchange control regime in effect since February 5, 2003.

u) Consolidated financial statement reclassifications

Certain amounts from the December 31, 2003 consolidated financial statements have been reclassified for comparison purposes, mainly as mentioned above in (j) - Revenue recognition.

NOTE 4 - REGULATION:

CANTV s services and tariffs are regulated by the rules established in the Concession agreement, the Organic Telecommunications Law enacted in 2000 and its Regulations, as well as the agreement (see Note 2 - Company background and concession agreement).

The Organic Telecommunications Law along with the Regulations provide the general legal framework for the regulation of telecommunications services in Venezuela. Under the Organic Telecommunications Law, suppliers of public telecommunications services, such as the Company, must operate under concessions granted by the Government, which acts through the Ministry of Infrastructure.

La Comisión Nacional de Telecomunicaciones (CONATEL) is an independent regulatory body under the direction of the Infrastructure Ministry, created by presidential decree in September 1991 (CONATEL Decree), which has, among others, the authority to manage, regulate and control the use of Venezuela s limited telecommunications services resources, granting of concessions, licenses and administrative authorizations as well as recommend the approval of tariffs and collection of taxes. CONATEL, together with the Superintendent of Promotion and Protection of Free Competition (Pro-Competencia), is also responsible for the promotion and protection of free competition.

a) Tax regime

The 2001 Law adopted a new tax regime applicable to all telecommunications service operators based on gross revenues. The new tax replaces the former annual tax and concession fee, which was assessed at 5.5% for wireline and 10% for wireless services. The new composite tax

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rate totals 4.8% and is comprised of the following: 2.3% activity tax, 0.5% CONATEL funding tax up to 0.5% spectrum allocation tax, 1% Universal Service Fund tax and 0.5% Telecommunications Training and Development Fund tax. In addition, cellular operators became subject to a supplementary tax of up to 4.5% of their gross revenues (excluding interconnection revenue), which decreases by 1% per annum through 2005 when it will be eliminated. This tax was 1.5% for 2004 and 2.5% for 2003.

b) Tariffs

On February 22, 2001, pursuant to the New Organic Telecommunications Law, CONATEL established maximum tariffs effective March 10, 2001 and a new price-cap system under which the maximum tariffs may be adjusted based on a formula tied to the wholesale price index (WPI) and the devaluation rate of the bolivar against the US dollar. The price-cap system allows an increase or decrease of established tariffs based on deviations in excess of up to 7.5% above or below the projected monthly estimates of those indices. If the accrued excess of the projected index deviates more than 7.5% above the projections, CONATEL must review the price-cap formula. This price-cap system remains effective as of December 31, 2004.

On May 30, 2002, pursuant to the new price-cap system CONATEL published in the Official Gazette N° 37,454 the price-cap corresponding to year 2002, which became effective on June 15, 2002. This agreement contemplated the new scheme for residential plans, which reduced the number of plans from 7 to 5, including a flat residential tariff and the prepaid tariff. The new plans established by the Company under that scheme are: Limited , Classic and Talk More For Less , which replaced the 5 previous plans in effect through June 14, 2002. Under the price-cap system, CANTV was authorized to increase national and international long distance call services tariffs to a maximum of 19.70% and 12.83%, respectively, which have not changed since June 2002. The Company, instead, granted promotional discounts between 5.84% and 11.40% for these services.

In addition, the May 30, 2002 agreement included two provisions for extraordinary adjustments. The first extraordinary adjustment was related to residential customers, establishing the adjustment to the Price-Cap in September 2002 for any deviations between the projected variables in the agreement and the actual figures published by the Central Bank of Venezuela. The extraordinary adjustment could be up to 4%, and only required notification to CONATEL through publication in the local press. On September 16, 2002 this extraordinary tariffs adjustment became effective at the maximum 4%. The second extraordinary adjustment related to fixed to mobile outgoing calls services and international long distance. This extraordinary adjustment was applicable only if significant deviations in the devaluation occurred. On August 31, 2002, an adjustment of fixed to mobile tariffs was approved and published in the Official Gazette N°. 37,506 on August 15, 2002. Tariffs for international long distance services did not require an extraordinary adjustment.

Beginning April 1, 2003, an average increase of approximately 25% to non-regulated residential and non-residential customers and miscellaneous services tariffs by CONATEL as well as a 12% increase for flat residential plan basic rent tariffs became effective pursuant to the Official Gazette No. 37,454 published on May 30, 2002.

On April 27, 2003, regular tariff increases became effective pursuant to the tariff agreement published in the Official Gazette No. 37,669 dated April 10, 2003. Pursuant to the tariff review,

during 2003 a regular base increase of 19% came into effect, distributed in three portions in the months of April, July and October for Non-residential services and public telephones. Additionally, this agreement reproduces the provisions for extraordinary adjustments effected in July and October 2003 and January 2004 at the rates of 2%, 2% and 5%, respectively. CONATEL also approved the application of a Charge per call established of Bs. 28 (nominal) for non-residential customers.

Beginning August 4, 2004, the fixed to mobile calls price caps for residential, non residential and public telephone services were adjusted, pursuant to the Official Gazette No. 37,983 published on July 20, 2004. The adjustment for residential and non residential fixed to mobile tariff were 7.4% and 6.3% for public telephony.

c) Competition

Pursuant to the Concession, prior to November 27, 2000, the Company was the sole provider of basic telephone services. During that period, the Ministry could grant concessions to operate in population centers with 5,000 or fewer inhabitants if CANTV was not providing basic telephone services in such areas and did not contemplate doing so within two years, according to the network expansion and modernization plans established in the Concession.

In December 1996, the Ministry of Infrastructure exercised its authority under this provision to grant a rural, multi-service concession to Infonet Redes de Información C.A. (Infonet) to provide basic telephone services, except national and international long distance services, in population centers with 5,000 or fewer inhabitants in eight western states of Venezuela. Additionally, multi-service concessions were granted in January 1998 to Corporación Digitel, C.A. (Digitel) (see Note 22 - Intent of Acquisition of Digitel), and Consorcio ELCA, C.A. (now Digicel) for the central and eastern regions of Venezuela, respectively. Currently Infonet, Digitel and Digicel are operating as providers of telephony services.

On November 24, 2000 CONATEL issued regulations based on the new organic Telecommunications Law, which established the basic regulatory framework. The new regulations had the objective of creating an appropriate environment for new entrants and allowing effective competition. These regulations rule the sector s opening, interconnection, administrative and spectrum concessions.

In November 2000, CONATEL formally started the auction of frequencies for Wireless Local Loop (WLL) services. Thirteen qualified bidders were announced by CONATEL. Five regions were defined and in each region frequency was auctioned in different bands. Telcel, C.A. (Telcel) and Génesis Telecom, C.A. (Génesis) were two of the companies granted a concession. Additionally, CONATEL has granted administrative habilitations to offer long distance services to the following companies: Convergence Communications de Venezuela (Convergence), Veninfotel, Multiphone de Venezuela, C.A. (Multiphone), Telecomunicaciones NGTV, S.A., Totalcom Venezuela C.A. (Totalcom), Etelix, Telcel, Entel Chile S.A (Entel), LD Telecom, Convergia de Venezuela, C.A. (Convergia), Corporación Telemic, C.A. and Corporación Intercall, C.A., most of which offer the service by means of prepaid cards (Calling Cards).

During the second quarter of 2001, the Company completed the update of four interconnection agreements with Digicel, Digitel, Infonet and Telcel, telecommunications operators which existed before the opening. Current operators maintaining interconnection agreements with the

Company are: Telcel, Digicel, Infonet, Digitel, Convergence Communications de Venezuela, Veninfotel, Entel Venezuela (formerly Orbitel), Multiphone, Totalcom, Etelix, Telecomunicaciones NGTV, S.A., LD Telecom, Convergia Venezuela, C.A and Corporación Intercall, C.A. These agreements permit interconnection of telecommunication services between CANTV and other carrier s networks.

Effective April 5, 2002, CONATEL initiated a pre-subscription long distance service where wireline service customers can access continually and automatically a previously selected operator s national and international long distance network without the use of the identification code.

NOTE 5 - BALANCES IN FOREIGN CURRENCY:

The Company has assets and liabilities denominated in U.S. dollars and liabilities in Japanese yen (see Note 3(t) - Market risk), as of December 31, as follows:

	2004	2003
	(Expressed in millions of U.S. dollars)	
Cash and cash equivalents	127	129
Accounts receivable, net	37	24
Other assets	30	41
Accounts payable	(132)	(63)
Short and long-term debt	(96)	(217)
Net liability position in foreign currency	(34)	(86)

Effective February 5, 2003, the Venezuelan Government and the BCV signed exchange control agreements that immediately established limits to the exchange of foreign currency (see Note 21 - Exchange control).

NOTE 6 - ACCOUNTS RECEIVABLE, NET:

The Company s accounts receivable, net balances as of December 31, are as follows:

	2004	2003
Subscribers:		
Wireline telecommunications	386,277	413,187
Wireless telecommunications	71,718	60,404
Other telecommunications services	51,719	47,971
Net settlements	34,550	30,135
Telephone and prepaid card distributors	22,761	45,517
Other	4,763	19,857

	571,788	617,071
Less: Allowance for doubtful accounts	(96,879)	(99,310)
	474,909	517,761

Unbilled revenue of Bs 113,565 and Bs 108,572 are included in accounts receivable as of December 31, 2004 and 2003, respectively. (See Note 3 (j) - Revenue recognition).

NOTE 7 - ACCOUNTS RECEIVABLE FROM VENEZUELAN GOVERNMENT ENTITIES:

The Company s largest customer is the Venezuelan public sector, including the Central and decentralized Government, its agencies and enterprises, the Venezuelan states and municipalities (collectively, Government entities). Government entities generated approximately 8%, 7% and 5%, of the Company s consolidated revenues for the years ended December 31, 2004, 2003 and 2002, respectively.

The following table shows accounts receivable from Government entities as of December 31:

Years	2004	2003
2004	151,310	
2003	39,556	113,651
2002 and prior	29,748	53,905
Total accounts receivable from Venezuelan government entities	220,614	167,556
Less: Long-term portion	(38,607)	(29,012)
	182,007	138,544

During the years ended December 31, changes in accounts receivable from Government entities are as follows:

	2004	2003
Balance at beginning of year	167,556	149,918
Billings	345,050	272,838
Collections	(265,021)	(223,251)
Monetary loss	(26,971)	(31,949)
Balance at end of year	220,614	167,556
Less: Long-term portion	(38,607)	(29,012)
	182,007	138,544

The amounts that Central Government entities can pay for telecommunication services are established in annual budgets, which are not based upon actual annual usage. As a result of these budgeting processes and due to other macroeconomic reasons, a number of Government entities have not paid the Company in full for telecommunications services received. In addition, as a result of inflation and devaluation, the real value of these balances has decreased.

To reduce the government debt owed to CANTV, management has taken actions to reduce uncompensated usage and recover prior years balances. In addition, collection tasks are being reinforced and payment agreements are being negotiated with government entities to reduce

delay in payments. However, there is no guarantee that the Company will not continue to experience significant delays in the collection of government receivables and that inflation and devaluation will continue to reduce the value of these assets.

During 2003, the Company received payments in the form of a note denominated in US dollars and Venezuelan National Debt Bonds denominated in bolivars, in the amount of Bs 68,470 (nominal value of Bs 70,191). Bs. 41,592 was applicable to centralized government entities and the remaining Bs. 26,878 was attributable to decentralized entities. As of December 31, 2004, Bs 57,095 of these bonds have become due and Bs 36,540 of them has been utilized by the Company for the payment of certain taxes, the remaining portion was recorded as temporary investments.

During 2004, the Company received payments in the form of Venezuelan National debt bonds denominated in bolivars, in the amount of Bs 7,731 (nominal value of Bs 8,081). Bs 5,314 was applicable to centralized government entities and the remaining Bs 2,417 was attributable to decentralized entities.

CANTV s management believes all amounts from Government entities will be collected either in cash and/or through Government bonds and promissory notes.

NOTE 8: INVENTORIES, SPARE PARTS AND SUPPLIES, NET:

Inventories, spare parts and supplies, net balances as of December 31, is comprised as follows:

	2004	2003
Network equipment inventories	127,586	86,398
Equipment for sale	194,815	23,772
Prepaid cards	5,690	4,612
	328,091	114,782
Less: Allowance for inventory obsolescence	(65,975)	(27,337)
	262,116	87,445

Sales and inventory of equipment for sale balance increased substantially during the effectiveness of the exchange control regime, since the Company has increased its participation as direct distributor of cellular handsets.

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT, NET:

Property, plant and equipment, net of depreciation and amortization, as of December 31, is comprised as follows:

	Useful lives (in years)	2004	2003
Plant			
Wireline telecommunications	3 to 32	14,378,520	15,714,849
Wireless telecommunications	2 to 20	1,285,057	1,139,122
Other telecommunications services	5 to 13	52,781	52,155
Buildings and facilities	5 to 25	3,590,239	3,138,232
Furniture and equipment	3 to 7	569,373	612,811
Vehicles	3 to 5	95,556	60,389
		19,971,526	20,717,558
Less: Accumulated depreciation			
Wireline telecommunications plant		(12,035,079)	(12,694,326)
Wireless telecommunications plant		(824,926)	(769,529)
Other		(3,317,285)	(2,937,996)
		(16,177,290)	(16,401,851)
		3,794,236	4,315,707
Land		88,159	97,011
Construction work in progress		191,309	42,829
		4,073,704	4,455,547

Depreciation expense recorded year ended December 31, 2004, 2003 and 2002 totaled Bs 856,992 and Bs 1,127,895 and Bs 1,216,530, respectively. As of December 31, 2004, fully depreciated assets reached approximately Bs. 11,415,877, of which 95% are related to wireline telecommunications (approximately Bs 10,213,362 as of December 31, 2003).

Capitalized direct labor and allocated overhead costs totaled Bs 18,953, Bs 15,794 and Bs 27,812 for the years ended December 31, 2004, 2003 and 2002, respectively.

As of December 31, 2004, Construction work in progress mainly includes ongoing projects for the expansion of the new mobile technology network, expansion of Internet broadband access network, and integration and transformation of the Company s information systems.

Beginning in October 2004, the Company s management began a sale process through the auction of non-operating property, plant and equipment. During 2004, assets with a carrying value of Bs 4,857 were sold through this mechanism and as of December 31, 2004, Property, plant and equipment, net includes Bs 2,947 related to non-operating buildings and land currently in sale process, which do not exceed their market value.

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NOTE 10 - OTHER ASSETS:

Other assets as of December 31, are comprised as follows:

	2004	2003
Information Systems (Software), net	301,512	338,991
Investments in equity	30,524	50,080
Investment in Government obligations		41,002
Prepaid taxes		10,208
Other	20,514	3,515
	352,550	443,796

Information Systems (Software), includes the cost of computer systems for internal use, net of accumulated amortization and the cost of usage rights to satellites that are amortized over periods ranging from 3 to 7 years based upon the terms of contracts that grant usage rights. Amortization expense was Bs 106,352, Bs 103.912 and Bs 92,331, for the years ended December 31, 2004, 2003 and 2002, respectively. Accumulated amortization was Bs 1,147,673 and Bs 810,116 as of December 31, 2004 and 2003, respectively.

Investments in equity represent the Company s share in the International Satellite Telecommunications Organization (INTELSAT) and in New Skies Satellites N.V. representing 1.12% and 1.44% ownership, respectively. The Company classifies these investments as available for sale and their fluctuation in fair value is reflected as Translation and other adjustments in the statement of changes in shareholders equity.

In July 2004, CANTV s Board of Directors approved the sale of the Investment in New Skies Satellites N.V. In November 2004, the effective sale was approved for an amount of US$11,479,355 equal to Bs. 22,040, for which a net gain of Bs. 21,021 was recorded in the Company s results, including the realization of Bs 20,633 previously recorded in the Translation and other adjustments account in equity. As of December 31, 2004, 95% of the proceeds from the sale have been received.

In September 2004, CANTV s Board of Directors also approved the sale of the investment in INTELSAT to Zeus Holdings Ltd. On October 20, 2004, the sale was approved at the INTELSAT general annual shareholders . Final closing and collection of sale proceeds was still in process as of December 31, 2004 (see Note 24 - Subsequent events).

INTELSAT was initially an international telecommunications organization integrated by 148 member countries or their designated telecommunication entities. In July 2001 INTELSAT was converted to a share corporation and privatized. Up to July 2001 this investment was recorded by CANTV under the equity method and the adjustment resulting from the translation to bolivars of the financial statements of this foreign entity was included in CANTV s shareholders equity.

As of December 31, 2003, Investments in Government obligations include bonds received from the Venezuelan Government, the most significant one for an amount of Bs 16,141 (nominal value of Bs 19,411) with a quarterly payable variable interest rate, due on November 18, 2005. As of December 31, 2004, bonds received from the Government are recorded as temporary

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investments based on due dates lower than three months. During 2004, Management changed the classification from Investments held to maturity to Available for sale . Variations from fair value of these investments are recorded in the Translation and other adjustment and valuation of available for sale investments in equity until actual disposition. As of December 31, 2004, an amount of Bs 1,094 were recorded as unrealized gain related to these bonds.

NOTE 11 - LONG-TERM DEBT:

Long-term debt as of December 31, is comprised of the following:

	2004	2003
Notes in U.S. dollars at fixed interest rates of 9.25% at December 31, 2003, maturing in 2004.		190,691
Bank loans in Japanese yen a fixed interest rate of 5.8% at December 31, 2004 and 2003, maturing through 2009.	91,072	105,802
IFC loans in U.S. dollars at variable interest rates:		
a. Six-month LIBOR plus a margin between 1.75% and 3.00%, (averaging 5.06% and 4.18% at December 31, 2004 and 2003, respectively), maturing through 2005.	48,000	47,674
b. Six-month LIBOR plus a margin of 2.00%, (averaging 3.17% and 3.11% at December 31, 2004 and 2003, respectively), maturing through 2007.	25,200	33,372
c. Six-month LIBOR plus a margin of 1.75% and 3.00% (averaging 2.92% and 2.86% at December 31, 2004 and 2003, respectively), maturing through 2005.	19,200	38,139
Promissory notes in bolivars, bearing interest at a fixed rate of 23.5%, maturing through 2005		24,479
Bank loans in bolivars at fixed and variable interest rates of 22.20% and 22.52% at December 31, 2004 and 2003, respectively, maturing through 2010, partially guaranteed by a first grade mortgage on Company s properties up to Bs 10,500.	36,900	15,679
Banks loan in bolivars, bearing interest at the average lending rate of the four major banks in Venezuela (35.70% at December 31, 2003), maturing through 2007		1,852
Notes payable suppliers in U.S. dollars at a fixed interest rate of 5.48% maturing in 2004.	120	154

	2004	2003
Commercial paper issued at discount at an annual interest of 12.59%, due in June 2005	41,950	
Total debt	262,442	457,842
Less: Current maturities	(169,605)	(238,450)
Total long-term debt	92,837	219,392

In February 1997, the Company prepaid the outstanding debt balance under the Bank Refinancing Agreement and Bs 48,240 of debt to suppliers with the proceeds from the sale of two Guaranteed Notes for US$ 100 million each, which were payable in 2002 and 2004, respectively. The notes were issued by CANTV Finance Ltd., a wholly owned subsidiary of the Company. The Guaranteed Notes are unconditionally and irrevocably guaranteed by CANTV for payment of principal and interest. In January 2004 and February 2002, the Company made each payment of US$100 million related to such Guaranteed Notes.

In February 1990, the Company acquired a loan with the Japan Bank for International Cooperation (formerly The Export - Import Bank of Japan) by ¥16,228 million, and invested in technological changes in the transmission network and urban connection. This loan is amortized semi-annually and as of December 31, 2004, the outstanding balance of this loan is ¥4,869 million.

On June 7, 1996, the Company entered into an agreement with the International Finance Corporation (the IFC Facility). Pursuant to the IFC Facility, the Company obtained loan commitments aggregating up to US$261 million, of which US$175 million was disbursed. Of the amount disbursed, US$75 million was used in the Company s modernization and expansion program as mandated by the Concession and for certain other capital expenditures. The remaining US$100 million represents the conversion of certain debt outstanding under a Bank Refinancing Agreement into longer-term debt.

In March 1998, the Company paid US$150 million of the outstanding debt under the IFC Facility with the proceeds from the sale of variable-interest-rate notes issued by CANTV Finance Ltd., a wholly-owned subsidiary of the Company, which are unconditionally and irrevocably guaranteed as to payment of principal and interest by CANTV. The principal on the remaining loan is payable as a single payment of US$25 million in 2005. The interest rate on this loan is based on LIBOR plus a margin and an additional amount of up to 3% based on the Company s annual net income equivalent in U.S. dollars, paid semi-annually. Pursuant to the IFC Facility, the Company may pay dividends only if it is current with respect to its semi-annual payments. In addition, the Company is required to meet certain financial ratios, including a long-term debt-to-equity ratio, a current ratio and a fixed charge coverage ratio, each as defined by the agreement. The Company has complied with these covenants as of December 31, 2004.

In 1997, Movilnet signed an agreement with the IFC Facility for two loans totaling US$95 million, which were disbursed during 1998. The proceeds of these loans were used for expansion and modernization of the cellular network. As of December 31, 2004 the balance of this debt is US$ 23.1 million.

In September 2000, the Company issued discounted promissory notes of Bs 28,000 denominated in bolivars with a maturity of 5 years. The promissory notes were placed at a 44% discount and an annual fixed interest rate of 23.5%. Additionally, in September and December 2000, two loan agreements were signed with local banks for Bs 7,000 each, with maturities between 5 and 10 years.

In a Shareholders Meeting held on March 31, 2004, the issuance of Commercial Paper for an amount up to US$ 100 million or the equivalent in bolivars was approved. On September 30, 2004, Comisión Nacional de Valores (CNV), the Venezuelan securities commission approved the first issuance of commercial paper for up to Bs 80,000. As of December 31, 2004, the first three series were issued for a total amount of Bs 46,000 from the first issuance, of which Bs 44,505 have been placed in the market at discount and annual interest rate of 12.59% due in June 2005. The remaining portion of Bs. 1,495 was placed in January 2005.

On December 22, 2004, the CNV approved the second issuance of commercial paper by CANTV for up to Bs. 112,000. According to the Venezuelan Capital Markets Law, the Company is required to issue at least 10% of the approved maximum amount within 90 days following the Commission s approval.

As of December 31, 2004 estimated payments of long-term debt are: Bs 169,605 in 2005, Bs 29,287 in 2006, Bs 29,441 in 2007, Bs 21,233 in 2008, Bs 12,876 in thereafter, translated into bolivars at the exchange rate at this date.

NOTE 12 - OTHER CURRENT LIABILITIES:

Other current liabilities as of December 31, were comprised of the following:

	2004	2003
Concession tax	64,378	60,196
Subscriber rights	74,791	80,790
Accrued liabilities	59,695	37,279
Income, value added and other taxes (Note 16 - Taxes)	75,134	63,630
Interest payable	3,995	12,388
Technical and administrative services due to shareholders	5,568	4,622
Other	17,443	16,315
	301,004	275,220

Subscriber rights represent up-front payment from customers when services are activated.

NOTE 13 - RETIREMENT BENEFITS:

Pension plan

The Company sponsors a non-contributory pension plan for its employees. The benefits to be paid under the plan are based on years of service and the employee s final salary. As of December 31, 2004 and 2003, the Company has funded Bs 606,141 (includes US$ 279.6 million) and Bs 544,010 (includes US$ 237,7 million), respectively, in a trust for this benefit plan on behalf of the retirees.

The components of pension (benefit) expense for the years ended December 31, are as follows:

	2004	2003	2002
Benefits earned during the year	17,667	23,148	24,636
Interest cost on projected Benefit obligation	34,867	48,700	45,458
Return on assets	(32,408)	(27,757)	(17,585)
Actuarial gain recognized	(45,176)	(21,049)	(2,803)
	(25,050)	23,042	49,706

The accrued pension plan obligations as of December 31, are as follows:

	2004	2003
Active employees	307,223	315,994
Retirees	203,636	213,054
Projected Benefit obligations	510,859	529,048
Funded amount in trusts at fair value	(606,141)	(540,071)
Unrecognized net actuarial gain	381,566	377,910
Pension obligations (including current portion of Bs 41,255 and Bs 43,551, respectively)	286,284	366,887

Unrecognized net actuarial gains are generated mainly from changes in future estimated inflation rates which have a significant impact on pensions since they are not increased by inflation. The greater the projected inflation rates, the lower the present value of the projected benefit obligation. Due to the volatility of the Venezuelan economy, projected inflation rates are revisited every year.

Reconciliation of changes generated during the year in the net pension liability recognized is as follows:

	2004	2003
Pension at the beginning of the year	366,887	479,539
Expense (benefit) of the year	(25,050)	23,042
Payments and contributions during the year	(55,553)	(135,694)
Pension plan at the end of the year	286,284	366,887

Assumptions used to develop the projected benefit obligation are as follows:

	2004	2003
Discount rate	6.62%	7%
Expected return on plan assets	7%	6%
Rate of compensation increase	1.96%	2%

These assumptions represent estimates of real interest rates and compensation increases rather than nominal rates.

Post-retirement benefits other than pensions

The Company records medical claims related to accrued postretirement benefit obligations other than pensions, based on actuarial calculations.

The components of post-retirement benefit expense for the year ended December 31, are as follows:

	2004	2003	2002
Benefits earned during the year	7,407	7,466	6,958
Interest cost on accumulated post-retirement Benefit obligation	43,669	43,866	39,577
Actuarial loss recognized	13,309	14,390	8,655
	64,385	65,722	55,190

The accrued post-retirement benefit obligation as of December 31, are as follows:

	2004	2003
Active employees	200,781	132,190
Retirees	516,372	519,371
Accumulated post-retirement benefit obligation	717,153	651,561
Unrecognized net actuarial losses	(212,654)	(160,546)
Accrued post-retirement benefit (including current portion of Bs 47,628 and Bs 46,919, respectively)	504,499	491,015

Unrecognized net losses have been generated mainly from changes in the population and actual experience of payments made for claims.

Reconciliation of changes generated during the year in the net liability recognized for postretirement benefits, is as follows:

	2004	2003
Accrued post-retirement benefits obligations at the beginning of the year	491,015	465,603
Expense	64,385	65,722
Payments during the year	(50,901)	(40,310)
Accrued post-retirement benefits obligations at the end of the year	504,499	491,015

Assumptions used to develop the accumulated postretirement benefit obligation are as follows:

	2004	2003
Discount rate	6.61%	7%
Medical cost trend rate	1.96%	2%

These assumptions represent estimates of real interest rates and medical cost trend rate increases rather than nominal rates.

The Company completed the review of the actuarial assumptions in light of the changing economic and business environment in Venezuela. The discount rate was set at 7% decreasing in the long term to a rate of 5%, equivalent to an effective rate of 6.62% for pension and 6.61% for post-retirement benefits; rate of compensation increase in 2% decreasing in the long term to 1%, equivalent to an effective rate of 1.96%; turnover rate from 10% to scales according to years of service and return on assets from 6% to 7%. These changes in assumptions resulted in a reduction of the Projected Benefit Obligations in pensions of Bs 90,296 and post-retirement benefits of Bs 32,705, with the related changes included as actuarial gains and losses.

Defined contribution plan

The Company has a defined contribution plan named Special Economic Protection Plan for Eligible Retirees (Protection plan) which includes a supplementary monthly payment to normal payments on pension benefits to retirees and survivors as of August 15, 1995, who receive a monthly pension equivalent to below Bs 30,000 (in nominal Bs), as well as those retirees who are older than 60 years of age with pension payments between Bs 30,001 (in nominal Bs) and Bs 70,000 (in nominal Bs). Contributions are distributed to retirees based on the number of years they have been retired. Additionally, each retired employee can receive a one-time annual bonus of Bs 145,000 (in nominal bolivars) at the Company s discretion, of which Bs 881 and Bs 895 have been paid as of December 31, 2004 and 2003, respectively. As of December 31, 2004 and 2003, the Company has funded Bs 18,583 (includes US$ 3.9 million) and Bs 20,946 (includes US$ 3.9 million), respectively, in a trust for this plan on behalf of these employees. The Company has no obligation to increase this plan.

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Temporary support and solidarity program

In August 2004, the Company decided to create a new fund for those pensioners and retirees who for some reason are not beneficiaries from the pension established by the Venezuelan Social Security Institute, with the purpose of mitigating the impact of inflation on former employees income. This program allows the adjustment of the monthly income through the payment of a bonus, that will cease once the pension is obtained from the Venezuelan Social Security Institute, or any other pension benefits are received. This program will benefit pensioners and retirees older than 49 years and six months. Participation in this program is voluntary by CANTV. As of December 2004, the Company has a liability of Bs 9,074 related to this program.

NOTE 14 - SHAREHOLDERS EQUITY:

Dividends

The Venezuelan Commercial Code, Capital Markets Law and the Standards issued by the Comisión Nacional de Valores (CNV), regulate the Company s ability to pay dividends. In addition, some of the Company s debt agreements provide for certain restrictions that limit the ability of the Company to pay cash dividends (see Note 11 - Long-term debt). The Commercial Code establishes that dividends shall be paid solely out of liquid and collected earnings . The Capital Markets Law mandates that the Company annually distribute no less than 50% of its net annual income to its shareholders, after income tax provision and having deducted the required legal reserves. Likewise, the Capital Markets Law provides that at least 25% of such 50% shall be paid to the shareholders in cash dividends. However, should the Company have accumulated losses, any net income shall be initially applied to offset such deficit.

According to CNV Standards, unconsolidated net income, excluding the equity participation of subsidiaries adjusted for inflation, is the basis for dividend distribution.

Net income for the year ended December 31, 2004, including dividends received from subsidiaries, available for dividend distribution, is composed as follows:

Consolidated net income for 2004	306,684
Less: equity participation in subsidiaries	(219,030)
Income available as base for distribution	87,654
Plus: Dividends paid by subsidiaries	79,349
Net income available as base for distribution after considering dividends from subsidiaries	167,003

The Capital Markets Law establishes that dividends must be declared in a Shareholders Meeting at which shareholders determine the amount, form and frequency of the dividend payment. Additionally, under CNV regulations, companies by-laws must state their dividend policies.

Beginning in 2002, the Company established the guidelines for annual dividend distribution. These guidelines include the distribution to shareholders of 50% of prior year free cash flow,

defined as free cash flow taken from annual audited consolidated financial statements, net of debt and interest payments scheduled for the following year. Annual payment of dividends will be made in bolivars in quarterly installments according to the Board of Directors recommendation and approval of the Annual Shareholders Meeting, according to current Venezuelan legislation.

On December 7, 2004, a Shareholders Meeting declared a dividend of Bs 120 per share to be paid on December 22, 2004 to shareholders of record as of December 15, 2004.

On March 31, 2004, a Shareholders Meeting declared a cash dividend of Bs 550 per share. These dividends were paid on April 16, 2004 to shareholders of record as of April 12, 2004.

On December 2, 2003, an extraordinary Shareholders Meeting declared a dividend charged to retained earnings as of December 31, 2002 of Bs 350 per share. These dividends were paid on December 19, 2003 to shareholders of record as of December 12, 2003.

On March 28, 2003, an Ordinary Shareholders Meeting Approved the remaining payment of the ordinary dividend for 2003 of Bs 71 per share, payable on April 23, 2003, to shareholders of record as of April 9, 2003.

On December 10, 2002, an extraordinary Shareholders Meeting declared an extraordinary dividend with a charge to retained earnings as of December 31, 2001 of Bs 165 per share. The Board also approved the payment of a portion of the ordinary dividend for 2003 of Bs 140 per share. These dividends were paid on January 15, 2003 to shareholders of record as of January 2, 2003.

On March 22, 2002, an Ordinary Shareholders Meeting declared a cash dividend of Bs 41.60 per share to shareholders of record as of May 24, 2002. This dividend was paid on June 6, 2002 by the Company.

Capital stock

Capital stock is represented by 787,140,849 shares at December 31, 2004, with a nominal value of Bs 36.9 each share, detailed as follows:

Shareholders	Class	Number of shares (in thousands)
Verizon Communications, Inc. (GTE Venholdings B.V.)	A	196,401
Telefónica Venezuela Holding B.V.	A	54,407
Banco Mercantil	A	367
Inversiones TIDE, S.A.	A	3
Banco de Desarrollo Económico y Social de Venezuela	B	51,900
Workers Trusts and Employees	C	45,043
Verizon Communications, Inc. (GTE Venholdings B.V.)	D	28,009
Public Shareholders	D	400,170

		776,300
Workers benefit shares	C	10,841
		787,141

Class A shares may only be owned by the former members of VenWorld Telecom, C.A. (VenWorld), the consortium that acquired 40% of CANTV s shares in 1991. On February 1, 2002, in an Extraordinary Shareholders Meeting of VenWorld, approved the liquidation of the Consortium and shares were converted into Class A shares of CANTV. Any Class A share transferred to any entity, not wholly-owned by the Participants of VenWorld would be automatically converted into Class D shares.

Class B shares may only be owned by the Government. The transfer of Class B shares to any non-public sector individual or entity will cause the shares to be automatically converted to Class D shares, except if the shares are transferred to a CANTV employee or retiree, in which case the shares will be converted to Class C shares. Class B shareholders had the right to elect two members of the Board of Directors of the Company until January 1, 2001. Thereafter, they may elect only one member together with all other shareholders. A majority of holders of Class B shares is required to approve a number of corporate actions, including certain amendments to By-laws.

Class C shares may be owned only by employees, retirees, former employees and heirs and spouses of employees or retirees of CANTV and its subsidiaries, as well as workers companies and benefit plans. Any Class C shares transferred to any other individual or entity will be automatically converted to Class D shares. Holders of Class C shares have the right, voting as a separate class, to elect two members of the Board of Directors provided such Class C shares represent at least 8% of the capital stock of CANTV and the right to elect one member, provided that such shares represent at least 3% of the capital stock of CANTV.

Class D shares are comprised of the conversion of Class A , B and C shares as described above or capital increases. There are no restrictions on the ownership or transfer of Class D shares. Holders of Class D shares will have the right to elect, in conjunction with the other shareholders, any members of the Board of Directors, at the time the Class B and C shareholders lose the right to designate them according to CANTV s By-laws.

In November 1996, the Government sold 348.1 million shares representing 34.8% of CANTV s capital stock in a global public offering. The Company s Class D shares are traded on the Caracas Stock Exchange. They are also traded on the New York Stock Exchange in the form of American Depository Shares (ADS), each representing 7 Class D shares.

Repurchase programs

On October 24, 2001, an Extraordinary Shareholders Meeting approved a share repurchase program to acquire up to 138,905,608 shares or 15% of the capital stock at a price of US$30 per ADS or US$4.29 per share. The program began on October 25, 2001 and ended on November 23, 2001. Upon completion of the repurchase program, a total of 138,896,536 shares had been repurchased and converted into treasury shares which are presented at acquisition cost. On December 2, 2003 an Extraordinary Shareholders Meeting approved the reduction from capital stock of these shares. Legal tasks required for this reduction were completed during the first quarter of 2004.

Workers Benefit Fund

In 1993, the Company created a bank trust known as the Benefit Fund with the purpose of acquiring Class C shares up to 1% of CANTV s capital stock as of December 2, 1991, to be distributed to workers from CANTV in accordance with benefit plans promoted by the Company, one of which is the Excellence Award . This contribution is recognized as expense as long as the workers earn stock awards. On October 24, 2001, an Extraordinary Shareholders Meeting approved the increase of this fund via the internal purchase of Class C shares of up to 2% of the capital stock as of December 2, 1991. As of December 31, 2004, the trust maintains 10,841.088 shares presented as a separate account in the consolidated shareholders equity.

Assets from the trust are consolidated as part of the consolidated balance sheet and these Class C shares are presented as a deduction of shareholders equity.

Legal reserve

The Company and each of its subsidiaries are required under the Venezuelan Commercial Code and their Corporate By-laws to transfer at least 5% of each year s net income to a legal reserve until such reserve equals at least 10% of capital stock.

In 2004, the Company released against retained earnings Bs. 68,900 from the legal reserve related to the excess maintained over the 10% of capital stock adjusted for inflation as of December 31, 2004. This excess corresponded to the portion of the legal reserve related to capital stock reductions which had not been released at the time the capital stock reductions occurred.

NOTE 15 - FINANCING COST, NET:

Financing benefit (cost), net for the years ended December 31, is as follows:

	2004	2003	2002
Interest income	63,349	73,447	56,590
Interest expense	(19,754)	(43,247)	(51,410)
Exchange gain (loss), net	6,329	(53,651)	(68,586)
Monetary result (Note 15)	(24,673)	3,804	49,004
	25,251	(19,647)	(14,402)

The net exchange gain (loss) reflects the effect resulting from adjusting temporary investments and the debt denominated in foreign currencies, principally U.S. dollars and Japanese yen into bolivars at the exchange rates as of December 31, 2004 and 2003 (see Note 5 - Balances in foreign currency). In addition, exchange gain (loss), net for the year ended December 31, 2004 includes Bs 8,445 from the realization of the translation adjustment previously recorded in equity due to the sale of New Skies Satellites N.V, (see Note 10 - Other assets)

Effective February 12, 2002, the Government decreed free currency fluctuation, which effectively stopped the band system. From that date, the exchange rate used for purchases and sales of

currencies was fixed based on free market fluctuation resulting from supply and demand. The BCV purchased and sold currencies in the market through an auction system with the foreign exchange market operators. During the initial business days of free foreign currency fluctuation there was strong bolivar devaluation. Effective January 21, 2003, the Venezuelan Government and the BCV suspended the trading of foreign currencies in the country and established the current exchange control regime (see Note 21 - Exchange control).

The devaluation of the bolivar against the U.S. dollar was 20%, 14% and 85% for the years ended December 31, 2004, 2003 and 2002, respectively.

Monetary result reflects the gain or loss from holding net monetary assets or liabilities during an inflationary period, which was 19%, 27% and 31%, for the years ended December 31, 2004, 2003 and 2002, respectively.

NOTE 16 - MONETARY POSITION:

For the year ended December 31, the gain (loss) from net monetary position, is as follows:

	2004	2003	2002
Net monetary asset (liability) position at the beginning of the year	154,001	(502,980)	(626,900)
Revenue and expenses, other than depreciation and amortization and other expenses generated by non-monetary assets and liabilities	1,980,318	1,542,740	1,665,527
Additions to non-monetary assets and liabilities	(1,290,576)	(259,854)	(846,829)
Pension plan and post-retirement benefits payments	(106,454)	(176,004)	(256,763)
Dividends declared	(571,587)	(400,054)	(418,433)
Exchange gain (loss), net	6,329	(53,651)	(68,586)
Estimated net monetary asset (liability) position at the end of the year	172,031	150,197	(551,984)
Net monetary asset (liability) position at the end of the year	147,358	154,001	(502,980)
Monetary result	(24,673)	3,804	49,004

NOTE 17 - TAXES:

Income tax

In accordance with Venezuelan tax regulations, CANTV and its subsidiaries are individually is taxed on their net income on an historical cost basis plus a tax inflation adjustment on the Company s non-monetary assets and liabilities, net of shareholders equity. This tax inflation adjustment differs from book inflation adjustment, which is non-taxable.

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The main reconciling items between the financial and tax result relate to the effect of the regular inflation adjustment for tax purposes, allowance for doubtful accounts, pension plan and provision for legal and tax contingencies.

The Income Tax Law also authorizes a tax credit for new investments in property, plant and equipment. Any portion of the credit not used may be carried forward for three years. As of December 31, 2004, CANTV does not have any carry-forward tax credits. CANTV.Net, however, has the following investment tax credit carry-forwards available:

	Origin	Bs.	Carried forward until
CANTV.Net	2002	726	2005
	2003	397	2006
	2004	307	2007
		1,430	

The Income Tax Law also allows fiscal losses to be carried forward and recovered over for three years from the year of incurrence and over one year for tax credits for fiscal losses from tax inflation adjustment. As of December 31, 2004, the subsidiary CANTV.Net had tax losses of approximately Bs 1,909 from the tax inflation adjustment, which can be carried forward until December 31, 2005.

Reconciliation between income tax expense included in the consolidated statements of operations and the expense resulting from the application of the statutory tax rate to the income before income taxes, is as follows:

	2004	2003	2002
Income before income taxes	399,673	78,529	137,823
Statutory income tax rate	34%	34%	34%
Tax expense	135,889	26,700	46,860
Non-taxable book inflation adjustment	187,575	281,843	197,653
Utilization of investment tax credits	(42,504)	(48,097)	(59,330)
Tax inflation adjustment	(268,928)	(225,777)	(187,187)
Other Non-taxable and non-deductible items, net	79,161	7,751	37,570
Income tax	91,193	42,420	35,566

As of December 31, 2003, Other non-taxable and non-deductible items, net include Bs 46,243 as a non-deductible item from the loss generated from the sale of US dollar denominated bonds (see note 21 - Exchange control).

On December 28, 2001, Law No. 71 including the Amendment to the Income Tax Law was published in Extraordinary Official Gazette No. 5566. The most significant changes are as follows:

a. Imputation of foreign losses to domestic income or losses will not be admitted.

b. The dividend tax regulations established book income to be approved by the Shareholders Meeting on the basis of the consolidated financial statements prepared in conformity with VenGAAP the legal source of dividends.

c. The implementation of a 1% tax advance that shall be paid on dividends declared per share. The tax advance will be calculated on the total value of the dividend declared.

d. Elimination of the standard providing rejection of expense for payments where the income tax withholding agents do not comply with formal duties provided by the special income tax withholding Regime.

e. New standards were applied to the tax inflation regime adjustment, and certain existing standards were modified.

On September 24, 2003, Decree No. 2507 of the Income Tax Law Regulations was published in the Extraordinary Official Gazette No. 5662, superseding Decree No. 2940 dated May 13, 1993. This regulation is based on the current Income Tax Law.

Corporate assets minimum tax

Corporate assets minimum tax was enacted as a complementary tax to Venezuelan income tax and is calculated on the simple average tax base of the taxpayer s tangible and intangible assets located in Venezuela and used in the production of income derived from commercial or industrial activities. The tax rate applicable to the tax base is 1% a year, which is reduced in proportion to the percentage of export sales to total sales. The corporate asset minimum tax law permits the carry forward of any corporate asset minimum taxes paid as an income tax credit for the following three years.

As of December 31, 2004 CANTV and its subsidiaries do not have any carry-forward tax credits. However, CANTV.Net, a wholly-owned subsidiary, had Bs 946 of corporate asset alternative minimum tax, and which Bs. 357 may be carried forward until 2005 and generated in 2005 Bs. 588 carried forward until 2007.

On August 17, 2004, the Law superseding this tax was published in Official Gazette No 38002, to be effective beginning September 1, 2004.

Value added tax (VAT)

In May 1999, the Venezuelan government enacted by decree the Value Added Tax Law. This tax is based on a tax credit system and applies to the different stages of production and sales. It is payable based on the value added at each stage. The VAT rate is set annually in the Venezuelan Budget Law and as of December 31, 2004 the applicable rate is 15% (16% from December 2003

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until August 2004). This Law also introduced, effective December 2002, an additional 10% tax rate on defined luxury goods and services.

Bank debit tax

In March 2002 the Venezuelan Government enacted by decree the Bank Debit Tax Law. This tax is levied upon debits or withdrawals made from current and savings accounts, custody deposits, or any other type of demand deposit, liquid asset funds, trust funds and other financial market funds or financial instruments transacted by individuals or corporations with Venezuelan banks and financial institutions for transactions in excess of 32 tax units (equivalent to Bs 790,400 in nominal Bs). Beginning December 16, 2004, this amount changed to 40 tax units (equivalent to Bs 988,000 nominal value). The applicable tax rate was 0.75% until December 31, 2003 (1% until June 2003) and changed to 0.5% from January 1, 2004 until December 2004. During the year ended December 31, 2004, CANTV and its subsidiaries incurred a bank debit tax expense of approximately Bs 19,349 million (Bs 32,194 million as of December 2003).

NOTE 18 TRANSACTIONS WITH RELATED PARTIES:

In the normal course of business and as limited by applicable debt agreements, the Company enters into transactions with certain of its shareholders and their respective affiliates. In addition, the Government has significant influence over the Company s tariffs, regulations, labor contracts and other matters related to the Company. The Government is also the largest customer of the Company (see Note 7 - Accounts receivable from Venezuelan Government entities).

Transactions with shareholders affiliates include purchase of inventories, supplies, plant and equipment, technical and administrative services and net revenues related to settlement of international telephone traffic with affiliates of Verizon Communications Inc (Verizon). Amounts for these transactions for the years ended December 31 are as follows:

	2004	2003	2003
Purchase of inventories, supplies, plant and equipment of shareholders affiliates	68,140	13,637	22,336
Technical and administrative service expenses	12,485	36,498	63,167
Net revenues related to the settlement of international telephone traffic with affiliates	(1,851)	2,468	3,704

Transactions for technical and administrative services are related to consulting in technology developments, strategic planning and analysis, training and personnel services, among others.

As of December 31, 2004 and 2003, the Company has recorded payables to Verizon for Bs 33,391 and Bs 33,509, respectively. These balances are included in accounts payable and do not bear interest.

NOTE 19 - COMMITMENTS AND CONTINGENCIES:

The Company has the following commitments and contingencies:

a. Capital expenditures

Payment commitments of the Company as of December 31, 2004, related to capital expenditures, are approximately US$ 50 million.

b. Operating leases

The Company leases equipment and real estate properties under operating leases for periods of one year or less. Lease agreements generally include automatic extension clauses for equal terms, unless written termination notification is provided. For the years ended December 31, 2004, lease commitments for real estate properties were Bs 30,585.

c. Litigation

The Company is involved in a number of legal and administrative proceedings, including:

In May 2000 and December 1999, Servicio Nacional Integrado de Administración Tributaria (SENIAT), the Venezuelan tax authority, notified CANTV and Movilnet concerning the imposition of tax assessments amounting to Bs. 271,179 million and Bs. 26,954 million, respectively, expressed in nominal bolivars. These assessments were primarily related to the rejection of investment tax credits taken by CANTV in fiscal years ended December 31, 1994, 1995, 1996 and 1997. SENIAT objected to the investment tax credits, claiming that telecommunications activity is not a qualified industrial activity entitled to an investment tax credit. This question is currently under judicial review, and in the opinion of management and its legal counsel, there is a high probability that a favorable decision will be obtained. In addition, management notes that, in the past, the tax court reviewing the validity of the investment tax credits has upheld similar treatment of investment tax credits by another telecommunications company. However, the latter decision was appealed by SENIAT, and a final decision is still pending.

In June 2002, Caveguías was subject to a tax review by SENIAT in connection with a tax assessment of approximately Bs. 44,312 million, expressed in nominal bolivars. This review was performed on tax returns for fiscal years ended December 31, 1996, 1997, 1998 and 1999. The tax authority objected to the deferral of revenues related to the sale of advertising space. This review was appealed by the Company. In the opinion of management and its legal counsel, there is a high probability of a favorable decision.

In June 2003, a commercial associate introduced a request for arbitrage in the Caracas Arbitrage Center of the Chamber of Commerce, claiming default in the compliance with an agreement and damages of Bs 20,399 against Movilnet. On October 8, 2003, Movilnet responded to this claim, and in January 2004 proceeding began in the Arbitrage Court. In

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September 2004, this arbitrage center declared in favor of the commercial associate and required a payment of Bs 8,000 by the Company, which was paid in January 2005.

During February 2004, CANTV Telecommunication Centers were subject to reviews by the tax authority, in two central states. As a result of this review, 37 centers received sanctions including fines and were closed for 48 and 72 hours as a result of their non-compliance in connection with the application of certain value added taxes. Some of the sanctions were effective while others are currently being appealed. There is a risk for CANTV that Telecommunication Centers could request CANTV s responsibility as business allies. Damages might be attributable to both CANTV and the Telecommunication Centers as co-participants. The portion to be assigned to each party is currently being determined. CANTV has made an estimate provision during 2004 for this contingency.

In May 2004, Digitel filed a lawsuit against CANTV with the Supreme Court claiming damages in the amount of Bs. 9.6 billion for differences in the exchange rate applicable to interconnection charges. Management and its legal counsel believe there is a high probability that a final decision will be favorable to CANTV.

In December 2004, CONATEL notified CANTV regarding the tax files resulting from the review of tax payments established pursuant to the Telecommunications Law made by CANTV in 2000, Movilnet and CANTV.Net from 2000 to 2003. The main concepts objected to by CONATEL in the calculation of the taxable base for these taxes are the deduction of uncollectible write-offs and discounts granted to customers. In addition, CONATEL objected to Movilnet, the exclusion of net interconnection revenues from the taxable base for the Special Telecommunications Tax for wireless services. In the case that these tax files materialize in tax assessments, total amounts objected would be Bs 4,689 for CANTV, Bs 36,564 for Movilnet and Bs 381 for CANTV.Net. Currently, the issuance of the final resolutions from the Administrative Summary are being expected from CONATEL to assess the imposition of resources to take place. Based on the external legal counsel opinion, the Company has not recorded any provision related to these files.

In September 2004, the Social Chamber of the Supreme Court denied a lawsuit related to pension payments filed by the Venezuelan National Telephone Federation of Retirees and Pensioned (FETRAJUPTEL) against CANTV.

Later in January 2005, the Constitutional Chamber of the Supreme Court declared admissible the revision requested by the Venezuelan National Telephone Association of Retirees and Pensioned (AJUPTEL-Caracas) about the referred decision of September 2004, and in consequence, the Constitutional Chamber declared the annulment of the decision and submitted the file to the Social Chamber for a new pronouncement.

The Constitutional Chamber s decision issued in January 2005, also indicates that if the retirees pensions are lower that the minimum urban wage, they should be adjusted to the minimum wage. CANTV s management, based on the advice of its external legal counsels, considers that some of the criteria in review will be declared favorably to CANTV, and for the other criteria the Company has estimated a potential additional liability. In accordance with applicable accounting principles, this contingency is considered probable, and therefore, this potential additional liability was recorded in the consolidated financial statements as a provision for contingencies as of December 31, 2004.

This provision was estimated by CANTV s management based on what the Company considers will be the most probable outcome of this labor lawsuit. However, it is not possible to determine the exact amount of this potential liability until a new pronouncement of the Social Annulment Chamber is issued.

In addition, an important number of labor lawsuits and claims have been made against CANTV for Bs. 202,463, expressed in nominal bolivars most of which are related to special retirement initiatives, employee severance benefits and other benefits related to early retirement. These lawsuits are currently pending and, as of the date of these financial statements, their final outcome is not predictable. CANTV has settled a number of these cases through mediation and negotiation between the parties involved and currently is in the process of resolving former employee claims and lawsuits.

Based on the opinion of legal counsels in charge of these proceedings, Management and its legal counsel believe that most of these cases will be resolved in the Company s favor and believe that provisions recorded for Bs 122,221 are reasonable as of December 31, 2004 to cover the risks for these contingencies.

d. Concession mandates

Currently, there is no mandatory plant modernization required under the concessions.

Current regulations require that Basic Service Telecommunications Operators are required to install and maintain public telephone equipment equivalent to 3% of their subscriber base. As of December 31, 2004, the Company has complied with the obligations established in these regulations.

The guidelines for the November 2000 market opening in Venezuela (see Note 4 - Regulation) included certain quality and service standards that incorporate minimum and maximum targets. These targets were CONATEL s basis to issue the Providence about quality service regulations applicable to all basic services operators. This Providence was published in the Official Gazette No. 37,698 as of June 28, 2004, and established a period of 120 days for the operators to adapt their systems and measuring mechanisms, after which, operators have a gradual period of up to three quarters to reach minimum and maximum targets established in this Providence. Through the Administrative Providence No. 530, published on December 13, 2004, CONATEL granted an extension until December 31, 2004 for the operators to adapt their measurement systems and mechanisms.

NOTE 20 - SEGMENT REPORTING:

The Company s reportable segments are individual strategic business units offering different telecommunications products and services. Each business requires different technology and marketing strategies and is managed separately. The Company manages its operations in two business segments: wireline and wireless services. The wireline services segment provides domestic telephone services, international long distance services and other telecommunications-related services. The wireless services segment provides nationwide cellular mobile telephone services. Substantially all of the Company s businesses are conducted in Venezuela.

Segment results for years ended December 31, 2004. 2003 and 2002, and assets as of December 31, 2004, 2003 and 2002, are as follows:

	2004	2003	2002
Wireline services:			
Operating revenues -			
Local and domestic long distance usage	961,419	1,057,082	1,188,986
Basic rent	301,333	298,416	382,798
Local and domestic long distance	1,262,752	1,355,498	1,571,784
International long distance	113,798	116,819	155,109
Net settlements	(2,310)	13,861	21,959
International long distance	111,488	130,680	177,068
Fixed to mobile outgoing calls	658,918	673,105	856,678
Interconnection incoming	107,247	104,568	75,681
Other wireline-related services	987,433	772,631	613,884
Total operating revenues	3,127,838	3,036,482	3,295,095
Intersegment revenues	(420,561)	(313,629)	(245,215)
Operating (loss) income	109,380	(80,201)	16,767
Depreciation and amortization	795,551	1,076,543	1,104,941
Capital expenditures, net	240,386	104,302	275,395
Assets at the end of the year	6,235,316	7,235,127	7,903,115
Wireless services:			
Operating revenues -			
Access	94,576	70,407	66,161
Airtime	544,786	396,274	401,350
Interconnection	416,173	379,204	450,829
Usage	245,544	190,426	114,569
Equipment sales	207,604	62,972	17,690
Other	53,177	55,369	70,130
Total operating revenues	1,561,860	1,154,652	1,120,729

Intersegment revenues	(304,715)	(274,664)	(338,193)
Operating income	236,815	210,605	127,672
Depreciation and amortization	152,199	135,448	185,803
Capital expenditures, net	232,353	29,801	323,017
Assets at the end of the year	2,080,476	2,187,573	2,229,296

The reconciliation of segment operating revenues, operating income and assets, to the consolidated financial statements as of December 31, are as follows:

Reconciliation of operating revenues:

	2004	2003	2002
Reportable segments	4,689,698	4,191,134	4,415,824
Other telecommunications-related services	208,293	252,259	237,320
Elimination of intersegment operating revenues	(791,368)	(695,058)	(689,416)
Total operating revenues	4,106,623	3,748,355	3,963,728

Reconciliation of operating income:

	2004	2003	2002
Reportable segments	346,195	130,404	144,439
Other telecommunications-related services	9,176	10,332	15,757
Elimination of intersegment operating income	2,711	2,791	1,403
Total operating income	358,082	143,527	161,599

Reconciliation of assets:

	2004	2003	2002
Reportable segments	8,315,792	9,442,700	10,132,411
Elimination of assets	(1,966,885)	(3,146,453)	(2,805,501)
Other telecommunications-related services	260,764	579,430	521,288
Assets at the end of the year	6,609,671	6,855,677	7,849,198

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NOTE 21 - EXCHANGE CONTROL:

By means of an agreement between the Venezuelan Government and the BCV, published in the Official Gazette No. 37,614 of January 21, 2003, the trading of foreign currencies in the country was suspended for five business days. This agreement was then extended for five additional business days as reported in the Official Gazette No 37,618 of January 27, 2003.

On February 5, 2003, exchange agreements 1 and 2 were published in the Official Gazette No. 37,625, and on February 7, 2003, exchange agreement 3 was published in the Official Gazette No. 37,627 (collectively the Agreements). The Agreements set out the rules for the Foreign Currency Administration Regime and established the exchange rate applicable for transactions set forth in the Agreements. The Agreements, among other things, establish the following conditions:

a) The BCV will centralize the purchase and sale of currencies in the country under the terms agreed upon;

b) The Comisión de Administración de Divisas (CADIVI) (Foreign Currency Administration Commission) will coordinate, manage, control and establish the requirements, procedures and restrictions for the execution of the Agreements;

c) The applicable exchange rates subsequent to the Agreements effective dates were Bs 1,596/US$1 for purchase and Bs 1,600/US$1 for sale; and,

d) The purchase and sale in local currency of Venezuelan Government securities issued in foreign currency will be halted until the BCV and the Venezuelan Government frame rules to make these transactions.

Additionally, the Venezuelan Presidency issued Decree No. 2,302 on February 5, 2003, as amended by Decree No. 2,330 of March 6, 2003**,** that established for the functions of CADIVI as well as the Standards for Administration and Control of Foreign Currencies. As provided by this decree, the President of the Republic, in Council of Ministers, approved the general guidelines for the distribution of the foreign currencies in the exchange market, based on CADIVI s opinion and the budget of foreign currencies that are prepared under the application of the exchange agreement. This decree also establishes that the acquisition of foreign currencies are subject to prior registration of the interested party in the registry of users and the authorization to participate in the exchange regime with the supporting documentation and other requisites to be established by CADIVI.

On April 22, 2003 and on June 18, 2003, Norms No. 25 and No. 34 were published in the Official Gazettes No. 37,674 and No. 37,714, respectively, by means of which, CADIVI manages the administration and formalities for foreign currency acquisition in order to pay public foreign debt acquired before January 22, 2003. External debt registered with CADIVI was US$212 million and US$52 million from CANTV and Movilnet, respectively.

On February 6, 2004, the Finance Ministry, together with the BCV, modified the exchange rate set out under Agreement No. 2 dated February 5, 2003 and established the new exchange rate effective as of that date at Bs 1,915.20/US$1 for purchase and Bs 1,920/US$1 for sale.

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On May 31, 2004, CADIVI published a resolution concerning requests for exchange currency for the import of goods and services for the telecommunications industry, effective beginning that date. Accordingly, the Company must request the exchange currency each semester with an estimate of its requirements for the period. The approvals from CADIVI will be granted on a monthly basis.

The Government has issued Decrees and Providences establishing the requisites, controls and steps for the authorization for the acquisition of foreign currency, as well as the general guidelines for the distribution and administration of these foreign currency in the exchange market.

In order to guarantee access to foreign currency for essential goods and services and debt payments, should CADIVI fail to approve the timely acquisition of foreign currency, the Company acquired $74.2 million (nominal value) of Venezuelan debt Bonds in August 2003. These bonds were denominated in US dollars and paid in bolivars at the official exchange rate of Bs. 1,600 per US dollar. In September 2003 these bonds were sold at market value, and a loss of Bs. 46.243 was recognized in the results of the Company and included in the consolidated statements of operations as Other expenses, net in that month.

As of December 31, 2004, the Company has requested from CADIVI a total of US$848.8 million, since the establishment of the exchange control regime. As of December 31, 2004, CADIVI has approved US$752.3 million of which US$637.6 million has been received.

The Company continues to process the necessary formalities to comply with the requirements of CADIVI in order to apply for additional foreign currency.

NOTE 22 - INTENT FOR THE ACQUISITION OF DIGITEL:

On November 1, 2004, a purchase agreement was signed with TIM International N.V. for the acquisition of 100% of Digitel at a total value of US$450 million, which includes granting a loan to Digitel in the equivalent amount in bolivars of US$225 million for the prepayment of Digitel debt, subject to the approval of CADIVI for the receipt of foreign currency by Digitel; and the payment for the value of the shares. This transaction is subject to the approval of CONATEL and Pro-Competencia and to the date no approval has been obtained and no payment has been made.

NOTE 23 - ADOPTION OF INTERNATIONAL REPORTING FINANCIAL STANDARDS:

CNV, pursuant to Resolution No. 157-2004 published on the Official Gazette No. 38,085 dated December 13, 2004 resolved that companies making public securities offers under the Capital Market Law, must prepare and present their financial statements adjusted to International Financial Reporting Standards (IFRS s) beginning January 6, 2006 with IFRS s effective on January 1, 2005. In addition, these companies must prepare and present to the CNV a balance sheet as of December 31, 2004 according to IFRS s together with notes related to the main accounting policies used, and a detailed description of the adjustments performed to convert the balance sheet to IFRSs, which will be only used to evaluate the effects of this adoption.

NOTE 24 - SUBSEQUENT EVENTS:

a) Issuance of Commercial Paper:

In January 2005, the third, fourth and fifth series related to the first issuance of commercial paper were issued for Bs 34,000, placed at discount in the market at an annual interest rate of 12.50% due in July 2005.

SIGNATURE

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

COMPAÑIA ANONIMA NACIONAL

TELEFONOS DE VENEZUELA, (CANTV)

By: /s/ Armando Yañes
Armando Yañes
Chief Financial Officer

Date: March 11, 2005