KEYERA CORP.

Notice of Meeting and Information Circular
in respect of the
ANNUAL MEETING OF SHAREHOLDERS
to be held on May 10, 2016

Dear Shareholders:

Please join us at our upcoming annual meeting of the shareholders ("**shareholders**"). The meeting will be held in the **Sun Life Plaza Conference Centre, Plus 15 level, 144 – 4th Avenue S.W., Calgary, Alberta** on **May 10, 2016 at 2:00 p.m. Calgary time** (the "**Meeting**").

As part of the business of the meeting, shareholders are being asked to consider four matters: receipt of the audited consolidated financial statements of Keyera Corp. for the year ended December 31, 2015 together with the report of the auditors thereon; the appointment of Deloitte LLP as auditors of Keyera Corp. for the ensuing year; the election of each of the directors of Keyera to hold office until the next annual meeting of shareholders or until their successors are elected or appointed; and the approach of Keyera Corp. to executive compensation. All of these matters are described in more detail in the accompanying information circular.

Following the Meeting, you are welcome to join us for a management presentation where we will provide additional insight into our successes over the past year and our strategic positioning as we look ahead. With the significant drop in oil prices during 2015 and into early 2016, the energy industry finds itself in a challenging environment. We strongly believe that we are well positioned to respond to this challenge in 2016 and over the longer term and we will continue to take steps to preserve the interests of and grow value for our shareholders.

To help facilitate a dialogue with you, our shareholders, we will be opening up the floor for a question and answer session and also invite you to stay after the presentation for an opportunity to personally interact with our Board of Directors and management team.

Your participation at the Meeting is very important to us. If you are unable to attend in person, we encourage you to vote your shares by any of the means available to you, all of which are described in the enclosed Information Circular.

We look forward to seeing you on May 10th.

Sincerely,

(signed) "*David G. Smith*" **(signed) *"James V. Bertram"***

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MESSAGE TO SHAREHOLDERS

March 21, 2015

Dear Fellow Shareholders:

On behalf of the Board of Directors, I am pleased to invite you to the 2016 annual meeting of shareholders of Keyera Corp. to be held on May 10, 2016 in Calgary. Details of the meeting, including the matters to be voted upon and how you can cast your vote, are provided in the attached Information Circular. The Information Circular also includes important information about Keyera, including its approach to governance and executive compensation. We encourage you to review this information and to participate in the meeting.

The Board of Directors is committed to acting in the best interests of Keyera and its shareholders. To this end, some of the key areas of focus for the Board during 2015 included:

- ***Strategic Oversight***: Over the past year, the Board has been highly engaged with management with respect to the ongoing evolution of Keyera's strategic direction. In addition to its annual strategic planning session, the Board has placed increased focus on strategic planning matters at its regular meetings. Keyera takes a long-term view of its business and has a strong track record of sustainable value growth. These will continue to be key drivers in Keyera's strategy going forward.
- ***Risk Management***: Risk oversight has been another area of focus for the Board. The Board and each of its Committees ensure that sufficient time throughout the year is dedicated to assessing Keyera's key risks and the appropriateness of its risk mitigation strategies. A solid understanding of Keyera's risk profile, its approach to risk management and how the current environment may affect risk mitigation strategies, is fundamental to our approach. Among the key risk areas that the Board has focused on are: financial risks (including commodity markets, risk management contracts and counter-party risk); operational risks (including health, safety, environment and reliability); capital project execution; and compensation program design and operation. Two important risk-related initiatives were kicked off by Keyera in 2015. The first is a comprehensive risk review, involving the assessment and evaluation of business processes, business risks and risk management strategies. The second is an operational excellence initiative. These will be ongoing programs that will continue to inform and support Keyera's approach to risk management.
- ***Succession Planning***: 2015 marked the transition of Jim Bertram into the role of Executive Chair and of David Smith into the role of President and Chief Executive Officer. Throughout the process, the Board was very thoughtful in its deliberations with respect to this transition, recognizing the value to Keyera's shareholders, employees and other stakeholders to be achieved by having Jim and David in these roles, while also ensuring our continued high standards of good governance and independent leadership for the Board. By all accounts it has been a very successful transition, and we are now planning for the next phase in this transition in which Jim will be stepping back from his management role.

We also focused on Board succession planning, bringing on a new director, Janet Woodruff, and engaging in discussions with all Board members about their future plans in relation to the Keyera Board. This year, we have nine incumbent candidates nominated for election to the Board of Directors, as one of our long serving directors, Neil Nichols, is retiring this spring. On behalf of Keyera and the Board of Directors, I wish to extend our sincere thanks to Neil for his years of service and valuable contributions since joining the Board in 2003.

On behalf of the entire Board of Directors, I thank you for your continued support of Keyera. It has been a pleasure to serve as the Independent Lead Director this year and I look forward to the opportunity to meet you in person at the Annual General Meeting.

Sincerely,

(signed) "*Douglas Haughey*"

Douglas Haughey
Independent Lead Director

KEYERA CORP.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE:	**May 10, 2016**
TIME:	**2:00 p.m. (Calgary time)**
LOCATION:	**Sun Life Plaza Conference Centre Plus 15 level, 144 – 4th Avenue S.W. Calgary, Alberta**

PURPOSES OF THE MEETING:

1. To receive the audited consolidated financial statements of Keyera Corp. for the year ended December 31, 2015 together with the report of the auditors thereon;
2. To appoint Deloitte LLP as auditors of Keyera Corp. for the ensuing year;
3. To consider and, if deemed advisable, to elect, by ordinary resolution, with or without variation, each of the directors of Keyera to hold office until the next annual meeting of shareholders or until their successors are elected or appointed;
4. To consider, in an advisory, non-binding capacity, the approach of Keyera Corp. to executive compensation disclosed in the accompanying management information circular; and
5. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Additional Information relating to each of the foregoing matters is set forth in the Information Circular dated March 21, 2016 (the "**Information Circular**") accompanying this Notice of Annual Meeting. **Shareholders are encouraged to review the Information Circular prior to voting.**

RECORD DATE

Only shareholders of record at the close of business on **March 24, 2016** will be entitled to notice of and to vote at the Meeting or any adjournment thereof.

VOTING AT THE MEETING

Beneficial Shareholders: Follow the instructions on the Voting Instruction Form provided through your broker or intermediary.

Registered Shareholders: Complete and sign the enclosed form of proxy and send or deliver it to Computershare Trust Company of Canada at the address specified in the form of proxy to reach the addressee no later than 48 hours before the commencement of the Meeting or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of any reconvened meeting.

Please refer to the "Questions and Answers on Voting and Proxies" attached as Schedule "A" to the Information Circular for more information on how to vote at the meeting.

DATED at Calgary, Alberta this 21st day of March 2016.

KEYERA CORP.

(signed) ***"Suzanne Hathaway"***
Vice President, General Counsel
and Corporate Secretary

INFORMATION CIRCULAR

MATTERS TO BE ACTED UPON AT THE MEETING

The following items of business will be considered by the holders (the "**shareholders**") of the common shares (the "**shares**") of Keyera Corp. ("**Keyera**") at the annual meeting of shareholders (the "**Meeting**").

1. Financial Statements

Keyera will present the audited consolidated financial statements of the corporation for the year ended December 31, 2015. These financial statements have been audited by Deloitte LLP, Chartered Accountants, of Calgary, Alberta and are available on SEDAR at www.sedar.com and on Keyera's website at www.keyera.com.

2. Appointment of Auditors

Shareholders will be asked at the Meeting to pass an ordinary resolution appointing Deloitte LLP as the auditors of Keyera for a term expiring at the close of the next annual meeting of shareholders. Deloitte LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta and has served as auditors of Keyera since its formation on April 3, 2003.

Principal Accountant Fees and Services

In 2014 and 2015, fees billed for audit, audit-related, tax and other services provided to Keyera by Deloitte LLP were as follows:

Year Ended December 31	2015	2014
Audit Fees	$537,550	$461,500
Audit Related Fees	$88,590	$126,027
Tax Fees	$99,809	$81,033
Other Fees	$0	$12,676
Total	**$725,949**	**$681,236**

A description of the nature of the services provided under each category is as follows:

- Audit Fees: Fees for the annual audit and quarterly review of Keyera financial statements and for audit services related to ongoing regulatory filings.
- Audit Related Fees: Fees for review and translation services related to non-routine regulatory filings such as prospectuses.
- Tax Fees: Fees for advice and assistance in preparing transfer pricing documentation for KEI and advice related to income tax and commodity taxes.
- Other Fees**:** Fees for products and services provided by Keyera's auditors other than those described as "Audit Fees", "Audit Related Fees" and "Tax Fees".

Pursuant to the Terms of Reference of the Audit Committee, the Audit Committee approves all audit plans and pre-approves significant non-audit engagements of the external auditors, including reviewing the fees paid for such engagements. The Audit Committee has delegated the responsibility for approving certain non-audit services to the Chair of the Audit Committee. All audit and non-audit services provided to Keyera for the year ended December 31, 2015 that were required to be pre-approved were pre-approved in accordance with the policies and Terms of Reference of the Audit Committee.

The results of the 2015 vote on the appointment of auditors was as follows:

Votes For	Percent	Votes Withheld	Percent
54,710,470	99.65	191,216	0.35

Voting Recommendation: Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the reappointment of Deloitte LLP as auditors of Keyera for a term expiring at the close of the next annual meeting of shareholders. The resolution to reappoint Deloitte LLP as auditors of Keyera must be passed by a simple majority of the votes cast in person or by proxy at the Meeting.

3. Election of Directors of Keyera

In accordance with Keyera's articles, the Board of Directors must consist of a minimum of three directors and a maximum of twelve directors. At this time, Keyera has determined that nine is the appropriate number of directors and has put forward the following nine nominees: James Bertram, Douglas Haughey, Nancy Laird, Donald Nelson, Michael Norris, Thomas O'Connor, David Smith, William Stedman and Janet Woodruff. All nominees have confirmed their eligibility and willingness to serve as directors. Keyera does not use slate voting for its Board of Directors. Therefore, shareholders will be asked at the Meeting to vote on the election of each individual director.

Nominees: The following table identifies all persons nominated for election as directors. Also included in the table is a brief biography of each proposed director, certain key areas of expertise, the number of shares each holds and a list of all other reporting issuer boards on which each serves. As of the date hereof, none of the proposed directors serve together on the boards of directors of other publicly traded issuers. All of the proposed directors are financially literate.

<table>
<tr><th>Nominee</th><th colspan="3">Brief Biography</th></tr>
<tr><td rowspan="10">
James Bertram
Not Independent
Director since 2003
Age: 59</td><td colspan="3">Mr. Bertram has been a director since March 28, 2003 and assumed the role of Executive Chair on January 1, 2015. Prior to that, Mr. Bertram was the Chief Executive Officer of Keyera since its inception in 1998. He was previously employed at Gulf Canada as Vice President - Marketing for worldwide operations. Prior to joining Gulf Canada, he was Vice President - Marketing of Amerada Hess Canada Ltd.</td></tr>
<tr><td>Board/Committee Membership</td><td colspan="2">Attendance</td></tr>
<tr><td>Director, Board of Directors</td><td>9 out of 9</td><td>100%</td></tr>
<tr><td>Key Areas of Expertise[1]</td><td colspan="2">Shares Beneficially Owned or Controlled[2]</td></tr>
<tr><td rowspan="2">• Oil, Gas and Midstream
• Marketing
• Corporate Responsibility
• Risk Management</td><td>March 1, 2016</td><td>March 2, 2015</td></tr>
<tr><td>797,842</td><td>748,516</td></tr>
<tr><td>Residency</td><td colspan="2">2015 Voting Results</td></tr>
<tr><td>Calgary, Alberta, Canada</td><td colspan="2">Votes For: 54,233,526 (98.77%)
Votes Withheld: 672,750 (1.23%)</td></tr>
</table>

Nominee	Brief Biography
 **Douglas Haughey** Independent Director since 2013 Age: 59	Mr. Haughey has been a director since May 7, 2013 and was appointed Independent Lead Director on January 1, 2015. Mr. Haughey has more than 35 years of experience in the energy industry. Most recently he was CEO of Churchill Corporation, a position he held from August 2012 through May 2013. He was President and CEO and a director of Provident Energy Ltd. from April 2010 to April 2012. He also held various senior executive positions with Spectra Energy Corp. and its predecessor companies from 1999 to 2008, including the President and CEO of Spectra Energy Income Fund and President of Spectra's western Canadian natural gas midstream infrastructure and logistics business. Mr. Haughey is also a director of Fortis Inc. and its wholly owned subsidiary Fortis Alberta Inc. He has an ICD.D designation from the Institute of Corporate Directors.

Board/Committee Membership	Attendance[3]	
Independent Lead Director, Board of Directors	9 out of 9	100%
Compensation and Governance Committee	4 out of 4	100%

Key Areas of Expertise[1]	Shares Beneficially Owned or Controlled[2]	
	March 1, 2016	**March 2, 2015**
• Oil, Gas and Midstream • Marketing • Governance • Financial Acumen	11,140	9,196

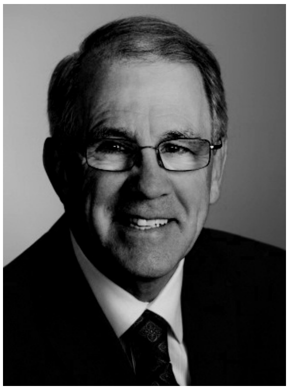
Residency	2015 Voting Results	
Calgary, Alberta, Canada	Votes For:	54,875,099 (99.94%)
	Votes Withheld:	31,177 (0.06%)

Nominee	Brief Biography
 **Nancy Laird** Independent Director since 2003 Age: 60	Ms. Laird has been a director since April 2, 2003. Ms. Laird is a corporate director with more than 30 years of experience in the energy industry. From 1997 until 2002 she was Senior Vice President, Marketing and Midstream for Encana Corporation (and its predecessor, PanCanadian Energy Corporation). Previously, Ms. Laird was President of NrG Information Services Inc., a joint venture initiative involving four of North America's leading natural gas pipeline companies. Ms. Laird is currently a director of Synodon Inc. and the Business Development Bank of Canada. She has an ICD.D designation from the Institute of Corporate Directors.

Board/Committee Membership	Attendance[3]	
Director, Board of Directors	9 out of 9	100%
Audit Committee	2 out of 2	100%
Compensation and Governance Committee	3 out of 3	100%
Health, Safety and Environment Committee	3 out of 3	100%

Key Areas of Expertise[1]	Shares Beneficially Owned or Controlled[2]	
	March 1, 2016	**March 2, 2015**
• Compensation and Human Resources • Oil, Gas and Midstream • Governance • Corporate Responsibility	55,122	53,826

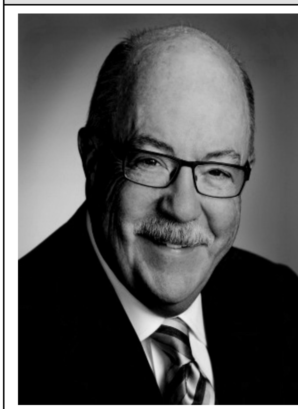
Residency	2015 Voting Results	
Calgary, Alberta, Canada	Votes For:	53,563,613 (97.55%)
	Votes Withheld:	1,342,663 (2.45%)

Nominee	Brief Biography
 **Donald Nelson** Independent Director since 2008 Age: 67	Mr. Nelson has been a director since May 14, 2008. Mr. Nelson is a professional engineer with over 40 years of oil and gas experience. He is President of Fairway Resources Inc., a private company providing consulting services to the oil and gas industry. He was a director of the general partner of Taylor NGL Limited Partnership from 2003 to 2008, holding the office of Chairman of the Board of Directors from 2004 to 2008. From 1996 to 2002, he was with Summit Resources Limited holding the positions of President and CEO (1998 to 2002) and Vice President, Operations (1996 to 1998). Mr. Nelson is a director of Perpetual Energy Inc.

Board/Committee Membership	Attendance[3]	
Board of Directors	9 out of 9	100%
Audit Committee	2 out of 2	100%
Chair, Health, Safety and Environment Committee	3 out of 3	100%
Compensation and Governance Committee	1 out of 1	100%

Key Areas of Expertise[1]	Shares Beneficially Owned or Controlled[2]	
	March 1, 2016	March 2, 2015
• Oil, Gas and Midstream • Corporate Responsibility • Governance • Compensation and Human Resources	76,988	75,928

Residency	2015 Voting Results	
Calgary, Alberta, Canada	Votes For:	54,896,305 (99.98%)
	Votes Withheld:	9,971 (0.02%)

Nominee	Brief Biography
 **Michael Norris** Independent Director since 2013 Age: 63	Mr. Norris has been a director since May 7, 2013. Mr. Norris was Deputy Chair of RBC Capital Markets from 2003 through 2012. Prior to his appointment as Deputy Chair, Mr. Norris held numerous positions with RBC Capital Markets, including Head of the Energy Practice from 1992 through 1998 and Head of Global Investment Banking from 1998 through 2003. Prior to RBC, Mr. Norris held roles at Mobil Oil and Gulf Canada Resources. Mr. Norris also sits on the Board of Cara Operations Limited.

Board/Committee Membership	Attendance	
Board of Directors	9 out of 9	100%
Chair, Audit Committee	4 out of 4	100%

Key Areas of Expertise[1]	Shares Beneficially Owned or Controlled[2]	
	March 1, 2016	March 2, 2015
• Accounting and Audit • Financial Acumen • Risk Management • Compensation and Human Resources	6,832	5,536

Residency	2015 Voting Results	
Calgary, Alberta, Canada	Votes For:	54,889,460 (99.97%)
	Votes Withheld:	16,816 (0.03%)

Nominee	Brief Biography		
 **Thomas O`Connor** Independent Director since 2014 Age: 60	Mr. O'Connor has been a director since January 6, 2014. He was the Chairman and Chief Executive Officer of DCP Midstream LLC and Chairman of DCP Midstream Partners LP. Prior to that he held executive positions at Duke Energy Corp., including CEO of Duke Energy Gas Transmission. Mr. O'Connor also sits on the boards of Tesoro Logistics and 8point3 Energy Partners LP.		
	Board/Committee Membership	**Attendance**	
	Board of Directors Audit Committee	9 out of 9 4 out of 4	100% 100%
	Key Areas of Expertise[1]	**Shares Beneficially Owned or Controlled**[2]	
	• Oil, Gas and Midstream • Governance • Financial Acumen • Risk Management	**March 1, 2016** 8,500	**March 2, 2015** 5,000
	Residency	**2015 Voting Results**	
	Evergreen, Colorado, USA	Votes For: 54,746,346 (99.71%) Votes Withheld: 159,930 (0.29%)	

Nominee	Brief Biography		
 **David Smith** Not Independent Director since 2015 Age: 58	Mr. Smith is the President and Chief Executive Officer of Keyera Corp. and has been a director since January 1, 2015. Mr. Smith has more than 30 years of experience in the energy industry in Canada and has held senior management roles with Keyera and its predecessors since the company's inception in 1998. Mr. Smith is also a director of Crew Energy Inc. He has an ICD.D designation from the Institute of Corporate Directors.		
	Board/Committee Membership	**Attendance**	
	Board of Directors	9 out of 9	100%
	Key Areas of Expertise[1]	**Shares Beneficially Owned or Controlled**[2]	
	• Oil, Gas and Midstream • Risk Management • Financial Acumen • Marketing	**March 1, 2016** 468,783	**March 2, 2015** 449,600
	Residency	**2015 Voting Results**	
	Calgary, Alberta, Canada	Votes For: 54,838,104 (99.88%) Votes Withheld: 68,172 (0.12%)	

Nominee	Brief Biography

William Stedman
Independent
Director since 2003
Age: 64

Mr. Stedman has been a director since April 2, 2003. From 2001 through June 2014, Mr. Stedman was Chairman and Chief Executive Officer of ENTx Capital Corporation, a private holding company specializing in the electric power industry. Previously, he was President and Chief Executive officer of Pembina Pipeline Corporation, the operating company of Pembina Pipeline Income Fund. Mr. Stedman sits on the board of the Alberta Balancing Pool.

Board/Committee Membership	Attendance[3]	
Board of Directors	9 out of 9	100%
Health, Safety and Environment Committee	3 out of 3	100%
Chair, Compensation and Governance Committee	4 out of 4	100%

Key Areas of Expertise[1]		Shares Beneficially Owned or Controlled[2]	
• Corporate Responsibility • Governance	• Oil, Gas and Midstream • Compensation and Human Resources	**March 1, 2016**	**March 2, 2015**
		114,184	110,222

Residency	2015 Voting Results	
Calgary, Alberta, Canada	Votes For:	54,731,700 (99.68%)
	Votes Withheld:	174,576 (0.32%)

Nominee	Brief Biography

Janet Woodruff
Independent
Director since 2015
Age: 59

Ms. Woodruff is a corporate director with over 30 years of experience in the energy, transportation and health sectors, including her most recent role as acting Chief Executive Officer of Transportation Investment Corporation. Previously, Ms. Woodruff held executive roles at BC Hydro, B.C. Transmission Corporation, Vancouver Coastal Health and Westcoast Energy. Ms. Woodruff currently serves on the boards of Altus Group Limited and Capstone Infrastructure Corporation. She also sits on the boards of Fortis BC Inc. and Fortis BC Energy Inc. (both of which are wholly owned by Fortis Inc., but which have public debt securities outstanding). Ms. Woodruff holds the ICD.D designation and is a Fellow Chartered Professional Accountant of British Columbia.

Board/Committee Membership	Attendance[3]	
Director, Board of Directors	4 out of 4	100%
Member, Health, Safety & Environment Committee	1 out of 1	100%

Key Areas of Expertise[1]		Shares Beneficially Owned or Controlled[2]	
• Accounting and Audit • Marketing	• Risk Management • Corporate Responsibility	**March 1, 2016**	**March 2, 2015**
		Nil	Nil

Residency	2015 Voting Results	
West Vancouver, British Columbia, Canada	Votes For:	N/A
	Votes Withheld:	N/A

Notes:

(1) Keyera has developed a skills matrix which it uses as a tool to assist in director succession planning. While each director may possess many or all of the skills listed in the matrix, each director is asked to identify at least four primary areas of expertise reflected in the table. All directors have expertise in the category of "Leadership and Strategic Thinking". The full skills matrix is included in the Report on Governance.

(2) For any directors who participate in the Premium Dividend and Dividend Reinvestment Plan, each total does not include shares that may have been acquired in the months of January and February of that respective year, as shares acquired through this plan are tabulated and reported annually at the end of the year in accordance with applicable securities laws. All shareholdings have been updated to reflect the two-for-one share split that Keyera completed in April 2015.

(3) Effective June 9, 2015, Ms. Laird ceased to be the Chair of the Compensation and Governance Committee and was appointed as a member of the Audit Committee. She attended all meetings of each committee that were held while she was a member. Effective June 9, 2015, Mr. Nelson ceased to be a member of the Audit Committee and was appointed as the Chair of the Health, Safety and Environment Committee. He attended all meetings of each committee that were held while he was a member. Effective June 9, 2015, Mr. Nichols ceased to be a member of the Compensation and Governance Committee, but attended all meetings of the Committee during his tenure. He also ceased to be Chair of the Audit Committee, but continued to be a member of that committee and attended all meetings. Effective June 9, 2015, Ms. Woodruff was appointed to the Board of Directors and to the Health, Safety and Environment Committee. She attended all Board and committee meetings from the date of her appointment. Effective June 9, 2015, Mr. Stedman, who was a member of the Compensation and Governance Committee, was appointed Chair of that committee and attended all meetings.

<u>Independence and Interlocking Directorships</u>: All of the nominees, other than Messrs. Bertram and Smith are independent. Mr. Bertram is currently the Executive Chair and former Chief Executive Officer of Keyera and therefore is not independent. Mr. Smith is the President and Chief Executive Officer of Keyera and is therefore not independent. Keyera assesses independence on the basis of applicable Canadian securities laws. None of the nominees serve together as directors or trustees of any other public entity. There are therefore no interlocking directorships.

<u>Additional Information about the Nominees</u>: To the knowledge of Keyera, and based upon information provided to it by the nominees for election as directors, no such nominee has, within the last 10 years, (i) become bankrupt, made a proposal under legislation relating to bankruptcy or insolvency or become subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee, or (ii) been a director or executive officer of any company or other entity that, while the nominee was acting in that capacity (or within a year of ceasing to act in that capacity), became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such company or other entity. Further, to the knowledge of Keyera, and based upon information provided to it by the nominees for election of directors, no such nominee has, within the last 10 years, been a director, chief executive officer or chief financial officer of a company that, during the time the nominee was acting in such capacity or as a result of events that occurred while the nominee was acting in such capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities laws that was in effect for a period of more than 30 consecutive days.

<u>Voting Recommendation</u>: Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the proposed nominees set out above as directors of Keyera. If, prior to the Meeting, any of the proposed nominees becomes unable to serve as a director, the persons designated in the enclosed form of proxy reserve the right to vote for another nominee at the Meeting. Subject to the bylaws of Keyera and applicable corporate law, each director elected will hold office until the next annual meeting of the shareholders or until his or her successor is elected or appointed.

4. Say on Pay

Shareholders may cast an advisory vote on the approach to executive compensation disclosed in this Information Circular. While the advisory vote is non-binding, the Compensation and Governance Committee and the Board of Directors will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions. The Compensation Discussion and Analysis section of this Information Circular describes Keyera's compensation philosophy, the objectives of the different elements of the compensation programs and the way the Board assesses performance and makes decisions. It explains how our compensation programs are centered on a pay-for-performance culture and are aligned with strong risk management principles and the long-term interests of shareholders. This disclosure has been approved by the Board of Directors on the recommendation of the Compensation and Governance Committee. Shareholders who have specific questions about Keyera's approach to compensation are encouraged to contact Keyera directly. The results of the 2015 advisory vote on executive compensation were as follows:

Votes For	Percent	Votes Against	Percent
53,739,578	97.88	1,166,698	2.12

<u>Say on Pay Advisory Resolution</u>:

"BE IT RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept Keyera's approach to executive compensation as disclosed in this Information Circular."

<u>Voting Recommendation</u>: The Board of Directors unanimously recommends that shareholders vote in favour of the Say on Pay Advisory Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Say on Pay Advisory Resolution.

DIRECTOR COMPENSATION

Compensation of Directors

Keyera's director compensation program is designed to attract and retain qualified people to serve as directors. It is based on flat fees for each role, rather than individual meeting fees. The fees are paid to non-employee directors in quarterly instalments, in arrears, and are pro-rated from the date of the director's appointment to the Board or particular Committee. Directors who are also members of management do not receive any director fees. The compensation payable to each non-employee director in 2015 was calculated based on the following:

Description	Amount
Base annual retainer for each director	$150,000
Annual retainer for the Independent Lead Director	$50,000
Annual retainer for each committee Chair (other than the Chair of the Audit Committee)	$30,000
Annual retainer for the Chair of the Audit Committee	$45,000
Annual retainer for each committee member	$15,000
Travel Fees - applicable to each flight over two hours taken by a director to attend a board or committee meeting	$750 per flight (up to a maximum of $1,500 per meeting)
"Extraordinary" meeting fees – If, in the opinion of the Executive Chair, in consultation with the Independent Lead Director, the Board or a Committee has been or will be experiencing unusually high levels of activity, designated directors are entitled to receive additional meeting fees	$1,500 per meeting (as authorized)

The following table sets out the actual fees earned by non-employee directors for their participation as members of the Board and on Board Committees during 2015 based on the approved schedule of fees set out above. In addition to the fees listed below, each of these directors is also reimbursed for his or her out-of-pocket expenses incurred in respect of attending any Board or Committee meeting.

Name(1)	Base Annual Retainer ($)	Independent Lead Director Annual Retainer ($)	Committee Chair Annual Retainer ($)	Committee Member Annual Retainer ($)	Travel Fees ($)	Extra-ordinary Meeting Fees ($)	Total Compen-sation not including Travel Fees (2) ($)
Douglas Haughey	150,000	50,000		15,000		Nil	215,000
Nancy Laird	150,000		15,000	22,500		Nil	187,500
Donald Nelson	150,000		15,000	22,500		Nil	187,500
Neil Nichols	150,000		22,500	15,000	7,500	Nil	187,500
Michael Norris	150,000		22,500	7,500	7,500	Nil	180,000
Tom O'Connor	150,000			15,000	7,500	Nil	165,000
William Stedman	150,000		30,000	15,000		Nil	195,000
Janet Woodruff(2)	84,583			7,500		Nil	92,083

Notes:

(1) Ms. Woodruff was appointed to the Board effective June 9, 2015. In addition to the current directors listed in the table, Mr. Robert Catell, who did not stand for re-election in 2015, was a director through May 5, 2015. During that time, he earned a base annual retainer fees in the amount of $52, 083 plus travel fees of $1,500. As he was not a member of any committees he did not receive any committee fees. As Messrs. Bertram and Smith are part of Keyera's management team, they did not receive director fees in 2015 and they are therefore not listed in the table.

(2) Because Keyera's non-employee directors do not participate in any of Keyera's short or long term incentive plans and do not receive a pension or other reportable perquisites, the columns dealing with such forms of compensation, as prescribed by Form 51-102F6, have been deleted. The additional information with respect to director compensation provided in the table is intended to provide readers with a more precise and relevant breakdown of the compensation paid to Keyera's non-employee directors in 2015.

Program Review: The Compensation and Governance Committee considers the director compensation program annually, but typically does not carry out a detailed review or adjust compensation annually. When the Committee determines that a detailed review is warranted, it engages the assistance of an outside consultant. These detailed reviews will generally include a discussion of the structure of the program and the fees paid, including benchmarking to a peer group of publicly traded companies. The last two adjustments to director fees were effective October 1, 2012 and January 1, 2015. The Compensation and Governance Committee has decided that it will not initiate a comprehensive review of director compensation in 2016.

Equity Compensation: In 2015, non-employee directors had the ability to elect to receive their Base Annual Retainer in cash, shares or a combination thereof. For those directors who elected to receive all or a portion of their Base Annual Retainer in shares, the shares were acquired on behalf of each such director on the open market pursuant to Keyera's Director Equity Participation Plan ("**DEPP**") administered by Computershare.

As part of the Committee's review of the director compensation program in 2015, it recommended that Keyera move away from the DEPP in favour of a Deferred Share Unit Plan ("**DSU Plan**"). Therefore, effective in 2016, Keyera discontinued the DEPP program and has adopted a DSU Plan. Under the DSU Plan, non-employee directors may elect to receive all or a portion of his or her annual retainer in the form of deferred share units ("**DSUs**"). DSUs are phantom share units that track the price of shares, receive additional DSUs when dividends are paid on shares and have no voting rights. DSUs are valued using the twenty (20) day weighted average trading price for the share immediately prior to the grant date (or dividend payment date as the case may be). DSUs vest immediately and will be settled in cash after the director ceases to hold office. DSUs are delivered quarterly in arrears, which is consistent with the timing for payment of cash fees (and is the same approach as was taken under the DEPP).

Non-Employee Director Compensation Highlights:
- ✓ Annual retainer structure (no regular meeting fees)
- ✓ Share Ownership Guidelines in place
- ✓ DSU Plan Adopted for 2016
- ✓ 60% of Total Annual Retainer to be received in DSUs for non-employee directors who have not met share ownership guidelines
- ✓ No options or other incentive compensation

Share Ownership Guidelines for Non-Employee Directors

Keyera has adopted share ownership guidelines for directors. In accordance with these guidelines, directors are expected to hold shares with a value of at least three (3) times their Base Annual Retainer. Each director is expected to reach this ownership level within five years of joining the Board of Directors. DSUs are considered the equivalent of common shares for the purposes of the non-employee director share ownership guidelines. Starting in 2016, in connection with the adoption of the DSU Plan, Directors who have not attained the required share ownership threshold are required to receive at least 60% of their total Annual Retainer (including the Base Annual Retainer and any Committee Annual Retainers) in DSUs. Prior to the adoption of the DSU Plan, Directors who had not met Keyera's share ownership guidelines were expected to elect to receive 50% of their Base Annual Retainer in Keyera shares through the DEPP.

As the DSU Plan was only recently implemented, the first DSUs are scheduled to be delivered following completion of the first quarter of 2016. Therefore as of the date of this Information Circular, no DSUs have been issued. The following table sets out the share ownership levels of each non-employee director as of March 1, 2016.

Name	Number of Shares Beneficially Owned or Controlled(1)	Total Value of Shares(2) ($)	Approximate Value of Shares as a Multiple of 2015 Base Annual Retainer(3)	Compliance with Share Ownership Guidelines	DSU Election (as a percent of total Annual Retainer)
Douglas Haughey(4)	11,140	422,206	2.8 times	Must meet by May 7, 2018	60%
Nancy Laird	55,122	2,089,124	13.9 times	Meets	30%
Donald Nelson	76,988	2,917,845	19.5 times	Meets	0%
Neil Nichols	74,744	2,832,798	18.9 times	Meets	50%
Michael Norris(4)	6,830	258,857	1.7 times	Must meet by May 7, 2018	100%

Name	Number of Shares Beneficially Owned or Controlled[1]	Total Value of Shares[2] ($)	Approximate Value of Shares as a Multiple of 2015 Base Annual Retainer[3]	Compliance with Share Ownership Guidelines	DSU Election (as a percent of total Annual Retainer)
Thomas O'Connor[4]	8,500	322,150	2.1 times	Must meet by Jan. 6, 2019	60%
William Stedman	114,184	4,327,574	28.9 times	Meets	100%
Janet Woodruff[4]	Nil	Nil	0 times	Must meet by June 9, 2020	60%

Notes:

(1) Number of shares beneficially owned or controlled as of March 1, 2016 (excluding shares acquired pursuant to the Premium Dividend™ and Dividend Reinvestment Plan in January and February 2015 for those directors who are enrolled in that plan as shares received through that plan are typically reported in summary form following the end of the year in which they are acquired). Effective in 2016, DSUs will be credited toward fulfilment of the Share Ownership Guidelines. The first DSUs will be credited to participating Directors following the first quarter of 2016.

(2) Value based on the closing trading price of shares on March 1, 2016 which was $37.90 per share.

(3) The multiples in this column are arrived at by dividing the value of shares by $150,000, which is the amount of the 2015 Base Annual Retainer for each director approved by the Board of Directors effective January 1, 2015, rounded to the nearest whole number.

(4) Messrs. Haughey and Norris joined the Board of Directors on May 7, 2013. Mr. O'Connor joined the Board of Directors on January 6, 2014. Ms. Woodruff joined the Board of Directors on June 9, 2015 and because of the pending transition from the DEPP to the DSU Plan did not participate in the DEPP in 2015.

REPORT ON GOVERNANCE

Keyera believes that sound governance is fundamental to the success of its business and to building stakeholder confidence. A description of Keyera's approach to governance is set forth below.

The Board of Directors

The Board of Directors has adopted a written mandate recognizing its responsibility for providing effective, independent supervision of the management of Keyera and its subsidiaries. The written mandate recognizes that the fundamental objectives of the Board of Directors are:

(a) to advance the collective interests of the owners of Keyera, while recognizing that, in order for the enterprise to continue to be able to serve its owners' interests, the collective interests of employees, customers, suppliers, the communities in which it operates and the general public must also be taken into account; and

(b) to promote the achievement of the long-term goals of Keyera to grow value responsibly in a sustainable manner.

The Board of Directors also promotes and expects the executive officers to promote a culture of safety, integrity and responsibility. The Board of Directors considers and approves Keyera's annual capital and operating budgets, major acquisitions, dispositions and financing transactions, as well as all matters involving Keyera's securities. The Board of Directors participates in Keyera's strategic planning processes, oversees succession planning for the executive officers, and regularly considers the principal risks associated with Keyera's business, including how these risks are managed. As part of its risk oversight responsibilities, the Board receives regular reports from management and, as discussed in more detail below, from each of its committees with respect to the particular areas of risk for which such committee is responsible.

In accordance with its mandate, the Board of Directors also has responsibility for overseeing management and human resources matters, financial and corporate matters, governance and policy matters, as well as compliance reporting and corporate communications. The full text of the written mandate of the Board of Directors is attached as Schedule "B" hereto and can also be found on the Keyera website at www.keyera.com. As discussed below, the Board of

Directors has established three committees to assist it with its oversight role and has delegated certain responsibilities to these committees.

Effective January 1, 2015, Mr. Bertram was appointed Executive Chair; Mr. Haughey was appointed Independent Lead Director; and Mr. Smith was appointed as a Director in connection with his appointment as President and Chief Executive Officer. The Board of Directors carefully considered the governance implications of having Mr. Bertram assume the role of Executive Chair, including how best to manage the shift away from an independent Chair and the appropriate roles, responsibilities and relationships between the Executive Chair, the Independent Lead Director and the President and Chief Executive Officer. Accordingly, new written position descriptions were approved by the Board of Directors for the Executive Chair and the Independent Lead Director, and consequential changes were made to the Board Mandate and the position descriptions for the Committee Chairs. The Executive Chair and Independent Lead Director are charged with providing leadership to the Board to enable it to act as an effective team, and the Independent Lead Director has responsibility for continuing to provide strong independent leadership for the Board. The Independent Lead Director works in collaboration with the Compensation and Governance Committee in monitoring the effectiveness, performance, composition, mandate and terms of reference of the Board and its committees, as well as the roles and responsibilities of the Executive Chair and Independent Lead Director. (See "Report on Governance - Exercise of Independent Judgment").

Exercise of Independent Judgment

Throughout 2015, all of Keyera's directors, other than Mr. Bertram, Keyera's Executive Chair, and Mr. Smith, Keyera's President and Chief Executive Officer, were independent. As of the date hereof, eight out of ten directors are independent and seven out of nine of the 2016 director nominees are independent. In addition, each committee of the Board of Directors is comprised entirely of independent directors.

Independent Board Leadership

- ✓ 8/10 Independent Directors
- ✓ Independent Lead Director appointed
- ✓ Only Independent Directors sit on Committees
- ✓ Regular In-Camera Meetings of Independent Directors
- ✓ Ability to retain independent advisors at the expense of Keyera
- ✓ Independence reviewed annually

The Board of Directors has adopted the practice of holding meetings of the independent directors following each Board of Directors meeting. Consistent with this policy, in 2015 the independent directors held nine (9) meetings without the presence of management or the non-independent directors. Each of the Board's committees has also adopted this practice.

Effective January 1, 2015, as part of Keyera's management succession and Board renewal processes, Mr. Bertram was appointed as Executive Chair of the Board. In connection with this transition, and to ensure the continuation of strong independent leadership for the Board of Directors, Mr. Haughey was appointed Independent Lead Director.

Among other things, the Independent Lead Director provides direction to the Board on matters of good governance; contributes to the coordination of Board activities; collaborates with the Executive Chair and the Compensation and Governance Committee with respect to Board and management succession planning; may make recommendations with respect to the retention of outside advisors to assist the Board or the independent directors, as appropriate from time to time; presides over the meetings of the independent directors (including all in camera sessions) and may preside over meetings of the Board of Directors; facilitates communication between the independent directors and management; and has the authority to call special meetings of the Board or the independent directors as appropriate. The Independent Lead Director is invited to attend (but is not required to attend) all meetings of each committee.

Keyera will continue with the practice of only appointing independent directors to the committees of the Board and holding meetings of independent directors following each regularly scheduled Board and committee meeting.

In further support of independent decision making, each director must disclose all actual or potential conflicts of interest and refrain from voting on any matter in which such director has a conflict of interest. Where a director has a conflict of interest that would preclude him or her from voting on a matter, that director must excuse him or herself from any discussion or decision on that matter.

Skills Matrix

Keyera has developed a skills matrix which it uses as a tool to assist in director succession planning, as well as identifying continuing education opportunities. While each director may possess many or all of the skills listed in the matrix, each director is asked to identify the four primary areas of expertise that they bring to the Board, in addition to the category of "Leadership and Strategic Thinking".

Skill	Bertram	Haughey	Laird	O'Connor	Nelson	Nichols	Norris	Smith	Stedman	Woodruff
Leadership/ Strategic Thinking	X	X	X	X	X	X	X	X	X	X
Oil, Gas & Midstream Industry Experience	X	X	X	X	X	X		X	X	
Marketing Expertise	X	X						X		X
Compensation and Human Resources			X		X	X	X		X	
Governance/ Board Experience		X	X	X	X				X	
Financial Acumen		X		X		X	X	X		
Accounting/Audit Expertise						X	X			X
Corporate Responsibility	X		X		X				X	X
Risk Management	X			X			X	X		X
Legal/Regulatory										

Committees of the Board of Directors: Overview

Subject to applicable law, the Board of Directors establishes and delegates powers, duties and responsibilities to committees. At present, the Board of Directors has established three committees: an Audit Committee; a Compensation and Governance Committee; and a Health, Safety and Environment Committee. Each of the committees is comprised of only independent directors who are financially literate. Keyera evaluates financially literacy and independence based on the criteria specified in National Instrument 52-110 Audit Committees ("NI 52-110"). None of the independent directors have received, directly or indirectly, any compensation from Keyera other than for services carried out as a director of Keyera.

In accordance with the position descriptions that have been adopted by the Board of Directors, the chair of each committee is responsible for providing leadership to that committee, facilitating the flow of information between the committee and the Board of Directors, managing any outside advisors retained by the committee, overseeing the planning and organization of meetings of the committee and consulting annually with the Executive Chair and Independent Lead Director with respect to the effectiveness, performance, composition and mandate of their respective committees. The Chair of the Compensation and Governance Committee has an additional role in consulting from time to time with the Executive Chair and the Independent Lead Director with respect to the assessment of the effectiveness of the Board as a whole and the composition, mandate and terms of reference for each of the committees.

Each of the committees of the Board of Directors has adopted the practice of holding meetings of the independent committee members at which management is not in attendance. The following summarizes the number of meetings of independent directors held by each committee in 2015:

- Compensation and Governance Committee – four (4) meetings of independent directors
- Audit Committee – four (4) meetings of independent directors
- Health, Safety and Environment Committee – three (3) meetings of independent directors

Written terms of reference for each committee have been adopted, are reviewed at least annually and are updated as needed. An overview of the terms of reference for each committee is provided below and the full text of the terms of reference for each committee is available on the Keyera website at www.keyera.com. In addition, the full text of the terms of reference for the Audit Committee is disclosed in the Annual Information Form, which is available on SEDAR at www.sedar.com.

2015 Committee Membership

The Board of Directors has established membership criteria for each of its three committees. The Board, with input from the Compensation and Governance Committee, utilizes these criteria in reviewing committee composition and appointing Directors to serve on committees. The following table summarizes membership criteria for each committee.

Committee	Membership Criteria	Description of Committee Membership Criteria	Assessment of Committee Composition
Audit Committee	Financial Literacy	In considering whether a member of the Audit Committee is financially literate, the Board of Directors considers the ability of each member to read a set of financial statements of a breadth and complexity similar to that of Keyera's financial statements.	Criteria Met
	Independence	The Board assesses independence based on the criteria articulated in NI 52-110. Members must not receive, directly or indirectly, any compensation from Keyera other than for services carried out as a director of Keyera. Members must not have any direct or indirect relationship with the external auditors of Keyera.	Criteria Met
	Experience	The Board looks for a combination of education, background and senior management or director level experience in the following areas: (i) financial accounting and reporting; (ii) internal financial controls; (iii) financial risk management and commodity markets; (iv) auditing, evaluating or analyzing financial statements; and (v) corporate finance, especially with respect to debt and equity markets.	Criteria Met
Compensation and Governance Committee	Human Resources Literacy	In considering whether a member of the Compensation and Governance Committee has human resources literacy, the Board considers whether each member has a thorough understanding of compensation theory and practice, people development and management, succession planning and executive development. Factors considered in assessing human resources literacy include: (i) current or prior experience working as a senior officer of one or more major organizations, (ii) involvement on board compensation committees of other entities, and/or (iii) experience or education related to financial accounting and reporting and familiarity with internal financial controls (particularly as relates to compensation programs).	Criteria Met

Committee	Membership Criteria	Description of Committee Membership Criteria	Assessment of Committee Composition
	Financial Literacy	In considering whether a member of the Compensation and Governance Committee is financially literate, the Board considers the ability of each member to read a set of financial statements of a breadth and complexity similar to that of Keyera's financial statements	
	Independence	The Board utilizes the criteria identified in NI 52-110 to assess independence. Members must not receive, directly or indirectly, any compensation from Keyera other than for services carried out as a director of Keyera. Members must not have any direct or indirect relationship with the external auditor. Members should not have any direct or indirect relationship with the compensation consultants of Keyera.	Criteria Met
	Not an Active Chief Executive Officer	The Board does not appoint active Chief Executive Officers of any publicly-traded entity to the Committee	Criteria Met
	Experience	The Board looks for a combination of education, background and senior management or director level experience in the following areas: (i) benefit, pension and compensation design (with an emphasis on executive compensation); (ii) talent development, retention strategies and succession planning; (iii) corporate governance practices and disclosure requirements; (iv) financial accounting and reporting criteria and controls (particularly as relates to compensation plans); and (v) compensation risk management.	Criteria Met
Health, Safety and Environment Committee	Independence	The Board utilizes the criteria identified in NI 52-110 to assess independence. Members must not receive, directly or indirectly, any compensation from Keyera other than for services carried out as a director of Keyera. Members must not have any direct or indirect relationship with the external auditor. Members should not have any direct or indirect relationship with the consultant engaged to prepare the independent reserves report.	Criteria Met
	Experience	The Board looks for a combination of education, background and senior management or director level experience in the following areas: (i) workplace health and safety; (ii) asset and liability management; (iii) energy industry operations; (iv) overall corporate social responsibility, regulatory and reporting requirements; and (v) operational risk management and sustainable development.	Criteria Met

In June 2015, the Board of Directors reviewed the composition of its committees and approved a number of changes. The following table summarizes membership on each of the three committees of the Board of Directors in 2015.

Director	Committee Membership To June 2015			Committee Membership Commencing June 2015		
Independent Directors	**Audit**	**Compensation & Governance**	**Health, Safety & Environment**	**Audit**	**Compensation & Governance**	**Health, Safety & Environment**
Douglas Haughey[(1)]		X			X	
Nancy Laird		Chair	X	X		X
Donald Nelson	X		X		X	Chair
Neil Nichols	Chair	X		X		
Michael Norris	X			Chair		
Thomas O'Connor	X			X		
William Stedman		X	Chair		Chair	X
Janet Woodruff[(2)]						X
Non-Independent Directors						
James Bertram	N/A	N/A	N/A	N/A	N/A	N/A
David Smith	N/A	N/A	N/A	N/A	N/A	N/A

Notes:
(1) Mr. Haughey was also appointed Independent Lead Director effective January 1, 2015.
(2) Ms. Woodruff was appointed to the Board of Directors on June 9, 2015.

For additional information on Directors, including their qualifications to serve on each of the Committees, see the biographies under "Matters to Be Acted Upon - Election to the Board of Directors" and the "Report on Governance - Director Skills Matrix".

Audit Committee Mandate

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

- Audit of the financial statements of Keyera and its affiliates, on a consolidated basis, managing the relationship with the auditors and meeting with the auditors as required in connection with the audit services provided by the auditors;
- Approval of any non-audit services that may be provided by the auditors, including the development of policies and recommendations regarding the engagement of the auditors and maintaining the auditors' independence;
- Dividend policy, financial structure and financing strategy for Keyera;
- Adequacy of disclosure controls, internal controls and accounting procedures of Keyera; and
- Financial risk assessment and management programs of Keyera.

The Audit Committee has an annual work plan which is reviewed from time to time and reports to the Board quarterly on its activities, findings and recommendations. In 2015, the Audit Committee successfully addressed all matters on its work plan. Highlights of the Audit Committee's activities for 2015 include:

- Reviewing core disclosure documents, including the quarterly and annual financial statements and management's discussion and analysis, the Annual Information Form and the Information Circular;
- Receiving reports from the external auditors, approving the external audit plan, monitoring non-audit services provided by the auditor and reviewing auditor independence;

- Receiving reports from the internal auditor, approving the internal audit plan and approving the adoption of an internal audit charter;
- Receiving legal reports (including reports from the reporting concerns hotline) and approving any changes to legal reporting guidelines;
- Assessing Keyera's significant financial risks and risk management/mitigation processes;
- Receiving risk management reports on Keyera's hedging program;
- Reviewing Keyera's tax forecasts and taxability reports;
- Reviewing new accounting standards and Management's assessment of the impact of those new standards on Keyera;
- Reviewing Keyera's corporate insurance program;
- Holding in-camera sessions without management present following each meeting, as well as holding in-camera sessions without management present with the internal auditor and the external auditor; and
- Approving Keyera's 2015 financing strategy and initiatives, including reinstating the Premium Dividend™ component of Keyera Premium Dividend™ and Dividend Reinvestment Plan, renewing the base shelf prospectus and the amendment and upsizing of Keyera's credit facility.

Risk Oversight. The Audit Committee's annual work plan is designed such that every quarter it has the opportunity to assess Keyera's financial risks and mitigation strategies. As part of its financial risk oversight responsibilities, the Audit Committee receives quarterly reports with respect to financial performance, hedging and risk management contracts, legal matters, fraud prevention, internal controls and disclosure controls. It also has the opportunity to meet in camera with both the internal and external auditors, as well as with senior members of management. The Audit Committee reports quarterly to the Board of Directors on these matters. In addition, on an annual basis, the Audit Committee reviews Keyera's insurance program, as well as a comprehensive risk matrix that identifies the major categories of financial risk faced by Keyera and the corresponding steps that Keyera takes to mitigate those risks.

Compensation and Governance Committee Mandate

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

- Adequacy and appropriateness of the compensation of Directors and officers of Keyera;
- Quality and effectiveness of the governance practices and policies of Keyera;
- Adoption of a strategic planning process and the review of strategic plans; and
- Identification and recommendation of nominees for election or appointment to the Board of Directors.

The Compensation and Governance Committee recognizes the importance of maintaining sound governance practices and of developing a solid framework for the administration of the executive compensation programs. To this end, it has processes in place to enhance the Compensation and Governance Committee's ability to carry out its responsibilities. These processes include:

- Holding in-camera sessions without management present following every Compensation and Governance Committee meeting;
- Retaining external consultants and advisors to provide advice and information to the Compensation and Governance Committee and inviting such consultants and advisors to attend Compensation and Governance Committee meetings as required or to make presentations to the Committee from time to time;
- Reviewing and approving an annual work plan and timetable for all regularly occurring accountabilities;
- Conducting detailed reviews of the executive compensation program at least annually;
- Scheduling periodic updates from management with respect to regulatory changes and evolving good governance principles;

- Reviewing models of compensation outcomes and corporate performance prior to making recommendations with respect to salaries and incentive compensation; and
- Reporting to the Board of Directors on matters relating to compensation and governance.

The Compensation and Governance Committee has adopted an annual work plan and in 2015 successfully completed all matters on its agenda. Highlights of the Compensation and Governance Committee's activities for 2015 include:

Governance Matters	Compensation Matters
• Advancing director succession initiatives; • Reviewing all of Keyera's governance policies and guidelines, including recommending age guidelines as part of the director nomination procedures; • Reviewing Keyera's Business Conduct Policies; • Providing direction with respect to Keyera's director assessment practices and approving the director skills matrix; • Providing input into Keyera's strategic planning process, including the agenda for the annual strategic planning session; • Reviewing Keyera's Board Mandate, Committee Terms of Reference and Chair Position descriptions; • Reviewing the CEO job description and management succession plans; and • Receiving regular updates on governance trends, practices, regulation and public policy matters.	• Providing direction with respect to Keyera's overall compensation objectives, trends and strategies; • Reviewing overall employee salary and wage levels and recommending executive base salaries for 2015; • Reviewing an independent analysis of Keyera's executive compensation program; • Recommending short term incentive plan performance targets and recommending the size of the 2015 bonus pool and bonuses to be paid to executive officers; • Reviewing and recommending performance targets for the 2015 long term incentive plan and developing recommendations with respect to the LTIP grant pool and the individual executive LTIP grants; • Implementing the director fee recommendations and adopting a DSU Plan which came into effect in 2016; and • Reviewing Executive Employment Agreements for competitiveness and appropriateness.

Risk Oversight. The Compensation and Governance Committee has responsibility for overseeing risks related to the design and operation of Keyera's compensation plans, as well as overall governance structures and practices. To assist it in fulfilling this mandate, the Compensation and Governance Committee receives reports from independent advisors with respect to compensation philosophy and design and the operation of Keyera's compensation programs. The Committee also receives presentations on governance matters and best practices. The Committee reports to the Board of directors following each of its meetings. In addition, the Compensation and Governance Committee reviews, at least annually, a risk matrix that identifies the major categories of compensation and governance risk faced by Keyera and the corresponding steps that Keyera takes to mitigate those risks. For more information on the Committee's approach to risk mitigation please refer to the Compensation Discussion and Analysis.

Health, Safety and Environment Committee Mandate

Keyera is committed to conducting its business in a manner that emphasizes the health and safety of our employees and the communities in which we operate. Keyera also strives to be a leader in responsible environmental stewardship. The purpose of the Health, Safety and Environment Committee is to assist the Board of Directors in fulfilling its oversight role and other responsibilities in relation to health, safety and environmental matters. The Health, Safety and Environment Committee engages in a number of activities designed to carry out this role, including:

- Periodically reviewing Keyera's health, safety and environmental policies, practices and procedures and assessing whether they (i) comply with applicable legislation, regulatory requirements, and industry standards, (ii) meet Keyera's goals, (iii) adequately prevent or mitigate losses, and (iv) are being effectively implemented;
- Reviewing and receiving reports from management on Keyera's health, safety and environmental performance and reviewing the responses of management to changes in Keyera's performance;
- Reviewing Keyera's greenhouse gas reporting and compliance;

- Reviewing the effectiveness of Keyera's responses to health, safety and environmental issues;
- Consulting external advisors on health, safety and environmental issues as appropriate;
- Holding in-camera sessions without management present following every Health, Safety and Environment Committee meeting;
- Reviewing management's assessment of significant operational risks and exposures and the steps taken to mitigate those risks, including pipeline, facility and pressure vessel integrity management programs, operator training/competency development programs and transportation of dangerous goods;
- Reviewing Keyera's asset retirement obligations and estimates, as well as the processes employed by management in quantifying those obligations;
- Reporting and making recommendations to the Board of Directors on health, safety and environmental matters; and
- Reviewing Keyera's reserves reports and overseeing reporting or other obligations that may arise under National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities.

The Health, Safety and Environment Committee has adopted an annual work plan and in 2015 successfully completed all work on its plan. Highlights of the Health, Safety and Environment Committee's work for 2015 included:

- Reviewing and making recommendations with respect to Keyera's operational risk matrix and risk mitigation strategies;
- Participating in the Keyera Safety Symposium and site tours of Keyera facilities;
- Overseeing Keyera's regulatory compliance record;
- Reviewing the results of Keyera's 2015 safety audit and endorsing the 2016 safety goals;
- Reviewing and reporting to the Board of Directors on Keyera's asset retirement obligations and its liability management program;
- Reviewing transportation of dangerous goods matters, including in relation to Keyera's rail operations, and Keyera's risk mitigation strategies in relation to same; and
- Reviewing Keyera's reserves report and confirming that the reserves are not material from a financial or reporting perspective.

Risk Oversight. The Health, Safety and Environment Committee has the primary responsibility for overseeing Keyera's approach to and management of health, safety, environmental and operational risks. The work plan for the Committee is designed such that a core area of operational risk is addressed at each of its meetings. The Committee receives detailed reports with respect to each of these areas of risk and has the opportunity to meet directly with Keyera's management and employees with responsibility in each area. Committee members participate in various site visits throughout the year to supplement their understanding of Keyera's operations. In addition, the Health, Safety and Environment Committee has adopted the practice of reviewing a risk matrix that identifies the primary operational risks faced by Keyera and summarizes Keyera's risk mitigation strategies in each area. The Committee reports to the Board on these matters following each of its meetings.

Director Board and Committee Attendance

The following table provides an overview of the attendance record of Keyera's independent directors at Board and Committee meetings in 2015.

Director[1]	Board	Audit Committee	Compensation and Governance Committee	Health, Safety & Environment Committee	Total No. of Meetings Attended	Percentage
James Bertram	9/9				9/9	100
Douglas Haughey	9/9		4/4		13/13	100
Nancy Laird	9/9	2/2	3/3	3/3	17/17	100
Donald Nelson	9/9	2/2	1/1	3/3	15/15	100
Neil Nichols	9/9	4/4	3/3		16/16	100
Michael Norris	9/9	4/4			13/13	100
Thomas O'Connor	9/9	4/4			13/13	100
David Smith	9/9				9/9	100
William Stedman	9/9		4/4	3/3	16/16	100
Janet Woodruff	4/4			1/1	5/5	100
Total (Percentage)	94/94 (100%)	16/16 (100%)	15/15 (100%)	10/10 (100%)	126/126 (100%)	100%

Notes:

(1) Effective June 9, 2015, Ms. Laird ceased to be the Chair of the Compensation and Governance Committee and was appointed as a member of the Audit Committee. She attended all committee meetings held while she was a member of such committee. Effective June 9, 2015, Mr. Nelson ceased to be a member of the Audit Committee and was appointed as the Chair of the Health, Safety and Environment Committee. He attended all committee meetings held while he was a member of such committee. Effective June 9, 2015, Mr. Nichols ceased to be a member of the Compensation and Governance Committee. He also ceased to be Chair of the Audit Committee, but continued to be a member of that committee. He attended all committee meetings held while he was a member of such committee. Effective June 9, 2015, Mr. Stedman was appointed Chair of the Compensation and Governance Committee, having previously been a member of that committee. He also ceased to be the Chair of the Health, Safety and Environment Committee, but continued as a member of that committee. He attended all committee meetings held by each of these committees. Effective June 9, 2015, Ms. Woodruff was appointed to the Board of Directors and to the Health, Safety and Environment Committee. She attended all Board and applicable committee meetings held from the date of her appointment. Mr. Robert Catell was a director until May 2015 but did not stand for re-election in 2015. He attended four out of five Board meetings held while he was a director.

Board Renewal: Director Selection, Tenure and Diversity

Keyera's framework for managing Board performance and Board renewal is focused on achieving an appropriate mix of skills, experience, competencies, tenure and diversity. To this end, Keyera has continued to advance its Board assessment process and associated skills matrix as tools to support Board effectiveness and to guide Board renewal.

The result is an approach to Board renewal that is governed by a qualitative analysis of Board composition. This analysis informs Keyera's director nominee selection process. In accordance with its terms of reference, the Compensation and Governance Committee has overall responsibility for identifying and recommending qualified individuals as nominees to be directors of Keyera. Each year the Compensation and Governance Committee considers and makes recommendations to the Board of Directors with respect to the director nominees to be presented for election at the annual meeting of the shareholders. The Board of Directors, acting on the advice of the Compensation and Governance Committee, then selects the director nominees to be nominated for election. In the event there is a vacancy prior to an annual meeting, the Compensation and Governance Committee may make a recommendation to the Board of Directors with respect to a replacement nominee to fill the vacancy. Further, if appropriate, the Compensation and Governance Committee may recommend the appointment of additional directors between annual meetings of shareholders, subject to compliance with the *Business Corporations Act* (Alberta) and the constating documents of Keyera.

Board Renewal:
- ✓ Evergreen list of candidates (must include women candidates)
- ✓ Skills Matrix
- ✓ Director profiles
- ✓ Diversity Guidelines
- ✓ Retirement Guidelines

In carrying out this role, the Compensation and Governance Committee considers the question of Board and Committee composition in light of the best interests of Keyera, Keyera's strategic direction, the independent oversight role played by directors, the skills and contribution of each director and any identified gaps in skills, perspectives or diversity from which the Board could benefit. To assist in fulfilling this mandate, Keyera has adopted a number of tools and strategies including: maintaining an evergreen list of potential candidates; annually reviewing the director skills matrix; engaging external consultants; and developing model director profiles.

In considering potential director nominees, the Committee reviews the qualifications of proposed director nominees in light of the mix of talents, qualities, skills and diversity of the other directors and/or potential candidates. Keyera has a written policy to assist the Compensation and Governance Committee in its mandate of identifying, evaluating and recommending director nominees. This policy is reviewed annually by the Committee and was most recently updated in the first quarter of 2015 to include term limits and diversity. Keyera has evaluated mandatory retirement ages, mandatory term limits and formal diversity targets, and has concluded that rigid quantitative rules with respect to these matters are not the most suitable tools to achieve Board effectiveness, to promote renewal, to facilitate diversity or to preserve independence. It has therefore incorporated principles into its written policies to address the substance of these matters, while preserving an appropriate degree of discretion to be exercised by the Compensation and Governance Committee and the Board of Directors. Keyera's approach to director tenure and diversity is described below:

- <u>Director Tenure</u>: In order to help balance the benefits of experience and continuity with the need to introduce new perspectives, age and tenure are both factors that the Compensation and Governance Committee will take into account in recommending director nominees. As a general guideline, directors will not be nominated for election at an annual meeting of shareholders after reaching the earlier of (i) the age of 72, or (ii) 15 years of service on the Board. The Committee may nominate a candidate that is more than 72 years old or has served more than 15 years on the Board, based on considerations such as the skills, experience, perspective, contribution and competencies of the candidate, the overall composition of the Board of Directors, the need or desire to maintain continuity on the Board and the overall best interests of Keyera. The Board of Directors recognizes that several directors will reach 15 years of service over the course of the next three years, and therefore, in the interests of continuity and orderly transition, some of the incumbent directors may serve beyond 15 years.

- <u>Board Gender Diversity</u>: Keyera recognizes the value of gender diversity at the Board level and it is specifically identified as an important consideration that must be taken into account by the Compensation and Governance Committee in making its recommendations to the Board with respect to director nominees. Keyera believes it can achieve appropriate gender diversity through its director identification, selection and nomination processes without the imposition of quotas or targets. To support this vision, it has made identification of potential women director nominees one of the mandates for Keyera's Board renewal process. The Compensation and Governance Committee will monitor this approach, including continuing to evaluate the appropriateness of the level of representation of women on the Board, the effectiveness of the recruitment strategies in achieving appropriate diversity, the number of women on Keyera's "evergreen" list of candidates and the number of women identified by its external consultants as potential director nominees. One of the specific action items that was set for 2015 was the addition of another woman director to the Board of Directors. This action item was achieved with the appointment of Ms. Janet Woodruff in June 2015. Currently, two out of ten of Keyera's directors are women (20%), and two out of nine director nominees are women (22%). With respect to non-employee directors, two out of eight (25%) are women, and two out of seven of the non-employee director nominees (29%) are women. Keyera's intention is to continue to meaningfully pursue and maintain gender diversity on its Board of Directors, such that the composition of the Board reflects the overall level of participation of women in Keyera's business community.

In practice, Keyera has been engaged in a very active director renewal process over the last three years, including adding four new independent directors. It is also continuing efforts to maintain and expand its evergreen list of potential director nominees in order to broaden the pool of potential directors from which it may draw in the future, expand the diversity of candidates and bring on new directors that will serve the best interests of Keyera.

Majority Voting

Keyera has adopted a majority voting policy. In accordance with this policy, any nominee in an uncontested election who receives fewer "for" votes than "withheld" votes at a shareholder meeting is required to promptly submit his or her resignation as a director. While the Board of Directors, on the advice of the Compensation and Governance Committee, has the discretion to accept or reject such a resignation, it will only reject the resignation in extenuating circumstances. The Board will promptly disclose, via press release, the results of its deliberations. The Compensation and Governance Committee and the Board of Directors may also take such other steps to respond to the resignation as it considers appropriate in the circumstances.

Director Orientation and Education

The Board of Directors recognizes the importance of director orientation and education. The Compensation and Governance Committee is responsible for assisting the Board of Directors in the ongoing development of the orientation and education program. The orientation program focuses on providing new directors with an introduction to Keyera, its business, as well as its approach to various risk, governance and operational matters. The Board and committees received a number of presentations in 2015 aimed at continuing to deepen directors' understanding of Keyera's business, operations, strategic direction, financial position, risks and opportunities, as well as their understanding of the roles and responsibilities of directors in an evolving environment. The key elements of this program include:

- An orientation program for new directors involving meetings with Keyera's key leaders, other directors and site visit(s);
- Regular management presentations;
- An annual off-site strategy session;
- One or more site tours of Keyera's facilities annually;
- Periodically holding Board or committee meetings in locations where Keyera has operations;
- Participation in the annual Safety Symposium;
- An on-line Board of Directors manual; and
- Periodic presentations by internal or external experts on topical matters.

Some of the specific educational opportunities for directors in 2015 included:

Description	Attendance
Director and officer liability and associated insurance	Compensation and Governance Committee
Emerging trends, best practices and regulatory developments with respect to corporate governance and disclosure matters	Board of Directors Compensation and Governance Committee
Executive compensation design and practices	Compensation and Governance Committee
Canadian and U.S. natural gas, crude oil and natural gas liquids markets, trends and shifts in market fundamentals	Board of Directors
Trends in North American natural gas liquids midstream markets	Board of Directors
Safety Symposium	Health Safety and Environment Committee; Certain other Directors
Analysis of financial risks and associated risk management strategies	Audit Committee
Analysis of operational risks and associated risk mitigation strategies	Health, Safety and Environment Committee
Analysis of compensation and governance risks and associated risk mitigation strategies	Compensation and Governance Committee
Recent developments in accounting standards and implications for Keyera	Audit Committee
Site tour of the Ricinus and Strachan gas plants	Health, Safety and Environment Committee
Site tour of the Hull Terminal	Health, Safety and Environment Committee
Capital markets overview and financing strategies and trends	Board of Directors Audit Committee
Environmental legislative and regulatory developments	Health, Safety and Environment Committee
Transportation of Dangerous Goods	Health, Safety and Environment Committee
Asset Integrity legislative and regulatory developments	Health, Safety and Environment Committee
Capital Projects Spend Management and Project Controls	Board of Directors

Keyera's orientation and education program also provides financial support for directors to attend courses and conferences that are relevant to the fulfilment of their responsibilities as directors. Management is authorized to approve the reimbursement of expenditures incurred by directors for these kinds of courses, conferences and certification programs up to a maximum of $5,000 per year. Where warranted, Keyera may provide funding in excess of this recommended maximum. For example, Keyera has provided financial assistance for two of its directors to participate in the director education program through the Institute of Corporate Directors. Where practical, Keyera also maintains memberships in professional or business associations which offer seminars, presentations and other educational material and directors have the opportunity to take advantage of the educational opportunities offered through Keyera's membership in such associations.

Director Assessment and Board Effectiveness

> **Board Assessment Process**
> - ✓ Written Assessment:
>   - Board Impact
>   - Board Priorities
>   - Board Direction
>   - Board Relationships
> - ✓ One on One Meetings
> - ✓ Requires reflection on individual performance, overall Board performance and peer performance

Keyera recognizes that a well-functioning Board of Directors, comprised of competent, well-informed directors, is an essential element of good corporate governance. At a basic level, each director has an obligation to fulfill the legal requirements and obligations associated with being a director, including the responsibilities of: (a) acting honestly and in good faith with a view toward the best interests of Keyera; and (b) exercising the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Beyond these legal requirements, Keyera believes that an effective and engaged Board of Directors that has a clear understanding of its roles and responsibilities is an essential element of its long-term success. The quality of the Board's performance is demonstrated by its effectiveness in providing stewardship and oversight of management and operations, including consideration of whether the risks are appropriately identified and mitigated and whether business objectives, strategies, policies and practices are appropriate and executed effectively. The assessment process is an opportunity to consider how actively the Board embraces its responsibilities, bringing its collective skills and experience to bear in providing objective and thoughtful insight and guidance to Keyera.

The Compensation and Governance Committee has endorsed an annual review process that includes a written evaluation. The written evaluation process is seen as an opportunity to review past performance, recognize successes and identify areas for improvement for the Board, its committees and individual directors.

This year, Keyera adopted a new format for its written evaluations. The written evaluation process asked directors to evaluate overall Board and committee performance, to self-assess their individual skills and contributions and to reflect on the skills and contributions of the other directors, through a series of open-ended questions focused on four key areas, as described below:

1. **Board Impact**: Input on the most significant decisions and contributions of the Board, and factors that had the biggest influence on Board performance.
2. **Board Priorities**: Input on Board's most important priorities over the next 6, 12 and 18 months, the major risks facing Keyera over the short, medium and long term, and the role of the Board in providing strategic direction.
3. **Board Direction**: Input on opportunities to continue to enhance the effectiveness of the Board in fulfilling its mandate, the additional skills or backgrounds from which the Board could benefit, and each director's short and medium term plans with respect to the Board.
4. **Board Relationships**: Input on the relationships between the Board and the Chief Executive Officer, the level of engagement between the Board and management, the relationship among directors, and individual effectiveness on the Board and committees.

As the final component of the written evaluation, directors are asked to review Keyera's skills matrix and to identify the key skills and attributes they believe they bring to the Board.

The results of these questionnaires are reviewed by the Executive Chair and the Independent Lead Director and may also be reviewed by the Chair of the Compensation and Governance Committee. The Executive Chair, in consultation with the Independent Lead Director, is responsible for following up on the results as appropriate and scheduling meetings with each individual director to discuss the results of the feedback. The results of this evaluation process are used to explore opportunities for enhancing the effectiveness of the Board, to guide Keyera's director recruitment process, as well as to identify opportunities to maintain or enhance governance practices and Board effectiveness. A summary of the results of the assessment process, highlighting key themes, is circulated to the entire Board

In addition to this formal evaluation process, Keyera has a number of other processes in place that are intended to enhance the Board's ability to effectively carry out its responsibilities. Examples of these processes include:

- Adopting a Board Mandate, Terms of Reference for each committee of the Board and position descriptions for the Board Chair and each Committee Chair;
- Adopting a director skills matrix that is reviewed annually and against which directors are asked to assess their skills annually;
- Holding periodic informal meetings and discussions between directors with respect to performance matters;
- Engaging in periodic consultations between the Executive Chair, the Independent Lead Director and Committee Chairs with respect to the effectiveness, performance, composition, mandate and terms of reference for each Committee;
- Engaging in periodic consultations between the Executive Chair, the Independent Lead Director and the Chair of the Compensation and Governance Committee with respect to Board and Committee effectiveness, succession planning and various other matters in accordance with the terms of reference and position descriptions that have been adopted;
- Holding in-camera sessions without management present following every scheduled meeting of the Board and each Committee;
- Bringing in outside advisors and experts to assist the Board as necessary; and
- Holding annual off-site strategy sessions.

Risk Oversight

The Board of Directors, together with management, has devoted an increasing amount of time to identifying, assessing, managing, mitigating and reporting on Keyera's key risk areas. Among the key areas of risk that the Board focused on in 2015 were: operational risks, including reliability, health, safety and environmental performance, pipeline integrity and regulatory compliance; financial risks, particularly commodity markets, Keyera's risk management contracting strategy and counterparty risk; capital project execution; and compensation program design, effectiveness and implementation. The Board effectively utilizes its committees to focus on the key risks that fall within their respective areas of responsibility. Each committee reviews its areas of risk throughout the year, and at least annually completes an overall risk analysis which includes a review of the risks and risk mitigation strategies utilizing a risk matrix. In addition, this year, the Board assessment process specifically solicited individual director input on Keyera's short, medium and long term risk profile.

Risk Oversight - 2015 Focus Areas:
- ✓ Operational risks, including reliability, health, safety and environmental performance, pipeline integrity and regulatory compliance;
- ✓ Financial risks, particularly commodity markets, Keyera's risk management contracting strategy, counterparty risk and access to capital;
- ✓ Capital project execution, including cost and schedule risk drivers; and
- ✓ Compensation risks, including program design, effectiveness and implementation.

From a financial perspective, the Audit Committee receives quarterly detailed reports from Keyera's Risk Management Committee with a particular emphasis on Keyera's Marketing business, including inventory levels and risk management contracts, as well Keyera's foreign exchange risk, interest rate risk, liquidity risk and counterparty risk. It also receives reports on covenant compliance, financing strategies, access to capital with a view to maintaining a strong balance sheet, optimizing EBITDA and preserving Keyera's liquidity. The Health, Safety and Environment Committee has primary responsibility for operational-related risks, as well as overseeing Keyera's asset retirement obligations and liability management system. It receives regular updates on health, safety and environmental performance at each meeting, along with more detailed updates from management on particular risk areas throughout the year. The Compensation and Governance Committee oversees risks related to Keyera's compensation programs, talent management and succession planning. More information on each committee is included under the subheading

"Committees of the Board" and a detailed discussion of Keyera's approach to mitigating compensation risk is included in the "Compensation Discussion and Analysis".

There were two other notable developments in 2015 with respect to risk management. The first was a comprehensive risk review with respect to Keyera's business processes, business risks and risk management strategies that was undertaken. The second is the operational excellence that was initiated, through which Keyera will build on and enhance its disciplined, risk-based approach to its operations. These initiatives will continue to inform and support and build on Keyera's approach to risk identification, management and mitigation going forward. The Audit Committee will receive periodic updates on the initiatives arising through the business risk review analysis, and the Health Safety and Environment Committee will receive periodic updates on Keyera's operational excellence initiative.

Detailed information with respect to the material risks applicable to Keyera are included in the "Risk Factors section of Keyera's Annual Information Form dated February 10, 2016 filed on SEDAR at www.sedar.com and available on Keyera's website at www.keyera.com.

Management Succession Planning

Keyera has a succession planning process designed to identify succession candidates for all key leadership and management positions, including the position of Chief Executive Officer. As part of the succession planning process, Keyera works with its leaders and future leaders on the creation and implementation of individual development plans. Keyera has also adopted a leadership education program designed to assist succession candidates and future leaders in further developing their skills to move into more senior and executive positions. Management reports at least annually on succession planning to the Compensation and Governance Committee and also reports to the Board of Directors.

Management maintains and reviews, at least annually, its list of succession candidates. Each year management reports to the Compensation and Governance Committee and the Board of Directors on its overall succession planning recommendations, as well as the status of Keyera's leadership development programs and individual development programs.

In keeping with the succession planning process, effective January 2, 2015, David Smith was appointed as President and Chief Executive Officer, replacing James Bertram who was appointed as Executive Chair. This orderly transition was the culmination of several years of successful succession planning. As well, in 2015, in connection with the restructuring of the Engineering and Corporate Responsibility group, the Board approved the hiring of Rick Koshman to the position of Vice President, Engineering.

A written position description for each of the Executive Chair and the Chief Executive Officer has been approved by the Board of Directors. As part of the Compensation and Governance Committee's responsibility for overseeing executive succession planning, it annually reviews the roles, responsibilities and overall position description of the Chief Executive Officer. The Audit Committee has specific responsibility for making recommendations with respect to the Chief Financial Officer position.

Succession planning and development is an ongoing process year over year. In 2016, plans are under way to have Mr. Bertram transition from his executive role. In addition, leadership development plans at all levels of the organization, including senior leadership, will continue to be pursued.

Management Gender Diversity

In addition to the value that Keyera sees in diversity at the Board level (as described under the subheading "Board Renewal: Director Selection, Tenure and Diversity" of this section), Keyera also recognizes the benefits of gender diversity within management. At this time, Keyera has not adopted diversity quotas or targets for senior management positions; however, diversity is woven into its talent management practices and its commitment to developing a robust pipeline of diverse leaders.

Keyera's approach to gender diversity within the company is multi-faceted and begins with senior management commitment to providing professional development opportunities for women within the organization. Keyera has established a leadership development program, a mentorship program and an employee network to support the growth and development of future leaders within the organization and encourages its women leaders and future leaders to participate in these programs. Keyera will continue to evaluate the number of women participating in the mentorship and leadership development programs, and to provide opportunities to support gender diversity through its employee network. Keyera monitors and tracks gender representation at different levels of seniority within its workforce, including hiring, promotion and attrition rates, in order to further evaluate its gender diversity performance.

Since 2012, Keyera has added two women to its executive officer team, for a total of two women officers out of 13 officers (15%), plus two women have been added to senior management leadership roles in the last two years.

Ethical Business Conduct

Keyera is committed to conducting business ethically and legally. Directors, officers, employees, contractors and consultants are expected not only to comply with all applicable laws and regulations, but also to avoid situations where their personal interests conflict or appear to conflict with their duties and responsibilities to Keyera and its affiliates.

As part of its role in leading ethical conduct, the Board of Directors has adopted a Code of Business Conduct (the "**Code**") which applies to all directors, officers, employees and contractors of Keyera and its affiliates. The Code is available on SEDAR at www.sedar.com (filed on January 4, 2011) and on Keyera's website at www.keyera.com. Copies of the Code may also be obtained free of charge from Investor Relations at Suite 200, 144 – 4th Avenue S.W., Calgary, Alberta T2P 3N4.

In support of the Code, Keyera has approved business conduct policies covering various matters, including but not limited to ethics, disclosure, insider trading and conflicts of interest, and has adopted a number of specific procedures and guidelines to facilitate compliance with the Code and the various policies. For example, Keyera's Insider Trading Procedures prescribe blackout periods and outline the circumstances in which Keyera's directors, officers, employees and consultants will be restricted or prohibited from trading in shares or other securities of Keyera. In accordance with the Insider Trading Procedures, directors, officers and certain other employees and consultants are required to notify and obtain the permission of the Chief Financial Officer before buying or selling any shares of Keyera. Another example is Keyera's Disclosure Procedures which are designed to facilitate broad, timely and informative dissemination of material information and to prevent selective disclosure, all in accordance with applicable securities rules and regulations.

The Board of Directors has also established a whistleblower hotline to provide a forum for employees, officers, contractors and consultants who have reason to believe that something may have been done illegally or contrary to Keyera policy to report these concerns to a neutral third party on a confidential basis for investigation. Quarterly reports from the whistleblower hotline are provided to the Audit Committee.

All new directors, officers, employees and certain contractors are required to receive an orientation about the Code and the related policies and procedures when they commence their engagement with Keyera. Keyera also requires employees, officers and certain contractors to re-certify that they understand and have complied with the Conduct Policies. Starting with the recertification process undertaken in the first quarter of 2016, these recertifications will be conducted annually.

Shareholder Engagement

Keyera maintains a comprehensive investor communications program and welcomes comments and feedback from shareholders. Each year, Keyera engages in an extensive schedule of shareholder meetings and investor conferences. In addition to one-on-on meetings and conferences (some of which are available by webcast), Keyera also utilizes other vehicles to deliver timely information to shareholders, including its website. The Keyera website contains a wide range of corporate and investor information, including: the annual Corporate Overview, the Annual Information Form, Quarterly Reports, the Information Circular, presentations and webcasts, dividend history, Keyera's Health Safety and Environment Policy, Board Mandate and Committee Terms of Reference, detailed business descriptions and a corporate profile, virtual tours of several of Keyera's facilities, Keyera's Code of Business Conduct and videos describing various aspects of Keyera's midstream business.

The Board of Directors encourages shareholders to engage with appropriate Keyera representatives on relevant matters. The Board also recognizes the value in interacting with shareholders, as well as organizations that represent or advise shareholders, on issues such as Keyera's approach to governance, its director skills matrix and executive compensation. In 2015, the Independent Lead Director, along with the past and current Chairs of the Compensation and

Governance Committee, met with the Canadian Coalition for Good Governance to discuss a range of topics related to corporate governance and executive compensation. The Board welcomes these kinds of opportunities and invites shareholders to share their perspectives on matters that are important to them.

Comments, questions or inquiries can be directed to:

Investor Relations
Telephone: 403-205-7670
Toll Free: 888-699-4853
Email: ir@keyera.com

Requests to communicate directly with the Board of Directors will be forwarded to the Independent Lead Director.

COMPENSATION DISCUSSION AND ANALYSIS

The following compensation discussion and analysis ("**CD&A**") discusses the structure, policies, principles and elements of Keyera's executive compensation program, as well as the processes related to compensation decisions. Information about the compensation awarded to Keyera's Named Executive Officers ("**NEOs**") in 2015 can be found in the Summary Compensation Table, the Incentive Plan Awards Tables and the Pension Plan Table included in this Information Circular under the heading "Compensation of the Named Executive Officers".

This CD&A includes references to financial measures that are not calculated in accordance with Generally Acceptable Accounted Principles applicable to publicly traded companies in Canada. Therefore readers should refer to the section titled "Other Matters – Disclaimer: Presentation of Financial Information".

Compensation and Governance Committee Composition

Consistent with governance best practices, Keyera's Compensation and Governance Committee is comprised entirely of independent directors who are knowledgeable about issues related to compensation, governance, talent management, leadership development and risk management. For further information about the Committee members, refer to the biographies in the "Nominees for Election to the Board of Directors" and for additional information about the mandate, functions and composition of the Committee, refer to the overview of the Committee's roles and responsibilities in the "Report on Governance".

Objectives and Design of the Compensation Program

The objectives of Keyera's executive compensation program are to attract and retain high performing executives and to motivate them to contribute to Keyera's vision of becoming the North American leader in delivering midstream energy solutions through its strategy of creating stable value growth built on sustainable energy facilities. To achieve these objectives, Keyera's compensation programs are designed to:

1. **Achieve Alignment with Shareholder Interests**. The designs of Keyera's incentive compensation programs are based on performance metrics that are in line with the interests of long-term shareholders. Metrics under Keyera's incentive compensation plans, including relative peer total shareholder return and distributable cash flow per share, are among the metrics that Keyera's shareholders use to measure its performance.
2. **Reward Achievement of Business Objectives**. Keyera's executive compensation programs are linked to the achievement of strategic business objectives and Keyera's overall performance. Performance is assessed in light of financial, operational, strategic and safety performance, on both an absolute and comparative basis. Further, NEOs have a higher proportion of pay at risk, which supports their level of individual responsibility, reflects the potential impact each may have on corporate results and promotes the achievement of short and long term strategic objectives.

3. **Be Competitive**. Keyera recognizes the importance of competitively positioned compensation in order to attract, engage and retain talented leadership. Competitiveness is measured against a well-defined peer group, taking into account the relative performance of those peers compared to Keyera. The peer group reflects the pool of companies against which Keyera competes for talent.
4. **Promote Effective Risk Management**. While some risk taking is appropriate to achieve long term sustainability and shareholder value, the overall design of Keyera's compensation plans mitigate excessive risk taking and align compensation performance periods with the risk horizon of business initiatives. For example, weighting toward long-term incentives mitigates the risk of encouraging short term goals at the expense of long-term sustainability; the nature of the primary financial performance metrics used in establishing the bonus pool (distributable cash flow) effectively ensures that Keyera will have the ability to fund the payments under the incentive programs; and there is discretion on the part of the Compensation and Governance Committee and the Board to make sure bonus payments are not overly influenced by a particular factor or unusual result.
5. **Pay for Performance**. Actual compensation is directly linked to results. Individual contribution, business unit performance and overall corporate performance are all factored into the assessment of incentive awards for its executive officers.

Compensation Consultants

Keyera's compensation programs and assessment of competitive levels of compensation are determined with the assistance of a professional compensation advisor. As in prior years, the Compensation and Governance Committee retained Mercer (Canada) Limited ("**Mercer**") to provide advice with respect to 2015 executive compensation.

Mercer has been engaged by the Compensation and Governance Committee since 2003 to provide advice and recommendations with respect to Keyera's executive compensation program, including overall design, performance metrics and compensation levels for individual officers. The Committee also retains Mercer to provide research, advice and recommendations with respect to compensation of the directors. The advice that the Committee receives from Mercer is an important element in developing the Committee's recommendations to the Board with respect to director and officer compensation levels, performance metrics and overall program design; however, the Committee also considers many other relevant factors in fulfilling its mandate.

Fees Paid to Compensation Consultants

In 2014 and 2015, fees billed for services provided to Keyera by Mercer were as follows:

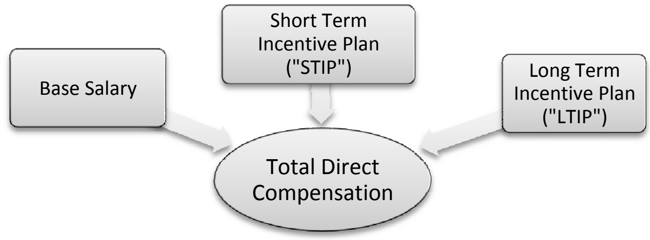
Year Ended December 31	2015	2014
Executive Compensation Fees	$54,053	$108,146
All Other Fees	$14,879	$17,089
Total	**$68,932**	**$125,235**

A description of the nature of the services provided under each category is as follows:

- Executive Compensation Fees: Fees for services related to the analysis of Keyera's director and officer compensation programs.
- All Other Fees: Fees for Keyera's participation in the annual market surveys carried out by Mercer.

The Compensation and Governance Committee adopted a policy that it must pre-approve all significant engagements by management of any compensation consultant which is retained by the Committee to provide compensation advice. Authority to approve such engagements has been delegated to the Chair of the Committee.

Overview: Total Direct Compensation



The total direct compensation for executive officers consists of three primary components: base salaries, STIP and LTIP. Each of the components is intended to serve a different function in the overall compensation program and is determined based on distinct criteria.

Component	Description	Performance Period	Determination	Objective
Base Salary	Fixed	1 year	• Salary ranges are based on market competitiveness, are annually reviewed and are benchmarked against energy industry peer groups. • Individual salaries take into account individual roles, responsibilities and performance.	• Competitive annual compensation • Compensate for competency and fulfillment of responsibilities • Eligibility: All employees
Short Term Incentive Plan ("STIP")	Variable	1 year	• The STIP design is based on market competitiveness and performance. • Actual awards are based on corporate performance and individual performance. • Primary metric for corporate performance is after tax distributable cash flow per share.	• Reward financial and strategic achievements over a one-year period • Recognize contributions and achievements in the near term • Eligibility: All employees (other than the Executive Chair)
Long Term Incentive Plan ("LTIP")	Variable	1 - 3 years 3 years	• The LTIP design is based on market competitiveness and performance. ➢ Restricted Awards[(1)] may be awarded annually based on individual and corporate performance. Restricted Awards vest in three equal installments following the anniversary of the grant. The actual payouts reflect: (i) the share value; and (ii) the reinvestment of notional dividends over the performance period. ➢ Performance Awards may be awarded annually based on individual and corporate performance. Actual payouts reflect: (i) the share value; (ii) the achievement of performance factors; and (iii) the reinvestment of notional dividends over the performance period. The primary metrics for corporate performance in 2014 are three-year average pre-tax distributable cash flow per share (as to 70%) and three-year relative peer total shareholder return (as to 30%). (Collectively, all grants under the LTIP are referred to as "LTIP Awards")	• Align interests with shareholders • Link compensation to longer-term performance • Encourage retention of talent • Motivate execution of long-term goals and strategic objectives over multiple years • Enhance symmetry between project timelines, risk horizons and compensation rewards; discourage short term excessive risk taking • Reward consistent high performance • Eligibility: Executives, leaders, succession candidates and certain other employees[(2)]

Notes:
(1) While the LTIP provides for the grant of both Restricted Awards and Performance Awards, Keyera only grants Performance Awards to the NEOs.
(2) While directors are technically eligible to participate in the LTIP, Keyera has adopted the practice of not granting directors awards under the LTIP.

The mix of fixed compensation, in the form of a base salary, and variable compensation, in the form of the STIP and LTIP, is intended to foster a performance-based culture by emphasizing compensation that is related to corporate performance and individual contribution. One of the ways Keyera emphasizes performance-based compensation is by targeting base salaries in a median range of comparative data, while providing the opportunity to achieve compensation above median through short and long term incentive plans.

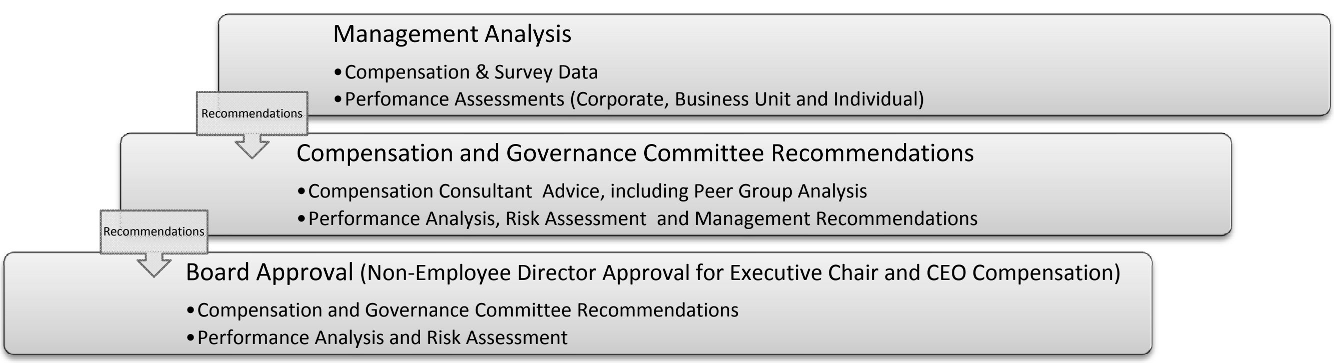
Keyera's target compensation mix for NEOs is weighted toward performance-based compensation, with the majority of NEO compensation being "at risk". For instance, all LTIP Awards granted to Keyera's NEOs are Performance Awards with a three year performance period and no NEOs receive Restricted Awards. This approach reinforces the pay-for-performance link, while the combination of short and long term incentives mitigates against excessive short term risk taking. The combination and mix of components for each executive officer reflects the responsibility of the position and the associated ability to influence short and long term objectives. There is no guaranteed payment under either the STIP or the LTIP. If the targets or minimum thresholds established for either the STIP or LTIP are not met, the payout under such plan may be zero. The Board of Directors has determined that, based on the nature of the Executive Chair role, including the emphasis on supporting the evolution of Keyera's long-term strategic direction, this position is not eligible for the STIP.

Compensation Philosophy

- ✓ The Board of Directors is committed to an approach to senior executive compensation that:
  - promotes alignment with shareholder interests; and
  - supports Keyera's near-term and long-term competitiveness and future success.
- ✓ Target pay mix is weighted toward performance-based compensation, with the majority of compensation being "at risk."
- ✓ If the targets or minimum thresholds established for either the STIP or LTIP are not met, the payout under such plan may be zero.

Perquisites are not a significant element of executive compensation. Executives are entitled to participate in the benefit plans that are offered to employees generally, and have the option of participating in a limited number of other benefits, including a business club membership, executive life insurance and an executive health program.

Overview of the Compensation Approval Process



The approval process for each element of Keyera's executive compensation program typically begins with a detailed review of Keyera's performance and the performance of each of the business units prepared by management, along with a detailed analysis of executive salaries and incentive compensation prepared by Mercer. This analysis includes a position by position analysis of market data from a selected peer group as compared to Keyera's executives, along with an analysis of the relative performance of Keyera compared to the members of that peer group. The Compensation and Governance Committee reviews the analysis and discusses overall corporate performance on a relative and absolute basis. The Committee also hears recommendations from management with respect to the proposed size of the incentive compensation pools (executive and non-executive) and from the Chief Executive Officer with respect to individual performance factors for the executive officers.

The Chief Executive Officer makes recommendations to the Compensation and Governance Committee with respect to base salary, STIP bonuses and LTIP Awards for the executive officers (other than the Executive Chair). The

Compensation and Governance Committee assesses the individual recommendations, considers the appropriate internal equity between members of the executive team such that officers with similar responsibilities, experience and historical performance are rewarded comparably, and then makes recommendations to the Board of Directors in respect of each officer. The Compensation and Governance Committee develops and makes recommendations to the Board of Directors with respect to the base salary, STIP and LTIP for the Chief Executive Officer. In making these recommendations, the Compensation and Governance Committee evaluates the Chief Executive Officer's performance in light of Keyera's performance relative to corporate objectives and strategic business plans, as well as the Chief Executive Officer's individual performance. As discussed below, there are specific distributable cash flow targets set for the STIP and LTIP to measure corporate performance; however, there are no formal quantitative targets set for individual performance. The Compensation and Governance Committee also develops and makes recommendations to the Board of Directors with respect to the base salary and LTIP for the Executive Chair.

In making compensation recommendations, the Compensation and Governance Committee reviews the various elements of each executive officer's compensation in the context of the total compensation package. The Compensation and Governance Committee and the Board of Directors exercise discretion based on Keyera's performance and the individual contributions of the executive officers in determining actual compensation.

With the assistance of Mercer, the Committee also analyzes the market competitiveness of Keyera's overall compensation packages, as well as the relationship between Keyera's performance and the annual earnings of the executive officers. Drawing on this analysis, the Committee evaluates whether:

- the intended relationship between compensation and performance is appropriate;
- there is appropriate symmetry between Keyera's risk profile and its compensation practices; and
- the compensation program and compensation levels are achieving the desired objectives.

This evaluation is carried out at various stages of the Committee's review of executive compensation, including: (i) during the selection of the comparative peer group, the identification of comparable functional matches for each officer position for benchmarking purposes and initial compensation analysis prepared by Mercer which is typically delivered to the Committee in the fall each year; (ii) during the Committee's deliberations with respect to developing recommendations for Base Salary in the first quarter of each year; (iii) when evaluating individual performance, as well as actual corporate performance relative to the STIP target, in order to determine STIP bonuses for the most recently completed financial year; (iv) when setting the STIP target for the current year early which occurs in the first quarter; and (v) during deliberations over LTIP thresholds, targets and grants during the second quarter of each year.

Selection of the Peer Group for 2015

To assess the fairness and competitiveness of Keyera's executive compensation, the Compensation and Governance Committee examines market compensation data gathered from organizations of comparable size and organizations with whom Keyera competes for executive talent. The Committee uses this information as part of its horizontal benchmarking analysis, in order to review and consider how the compensation paid to Keyera's officers compares to compensation paid to executives performing similar roles across comparable companies.

Keyera's relative positioning within the 2015 peer group with respect to certain key selection criteria was as follows:

- **Total Assets**: 35th percentile in relation to the peers in the Mercer survey; 38th percentile in relation to the peers in the circular data.
- **Market Capitalization**: 89th percentile in relation to the peers in the Mercer survey; 90th percentile in relation to peers in the circular data.
- **Revenue**: 91st percentile in relation to the peers in the circular data. Mercer does not disclose Keyera's percentile ranking in relation to the Mercer survey data.

Mercer provides assistance to the Compensation and Governance Committee by identifying appropriate peer group parameters, recommending peer group members, compiling benchmark market data and providing general observations with respect to market trends and issues.

In selecting the 2015 peer group, the Compensation and Governance Committee, based on the advice of Mercer, considered a list of companies from the oil and gas sector that were comparable in scope, measured by annual revenue, market capitalization, total assets, enterprise value and number of employees. The list included all pipeline/midstream companies of comparable size to Keyera, as well as other oil and gas sector companies from the exploration and production, drilling, and services and equipment segments ranging between 50% and 300% of Keyera's total assets and market capitalization. From this list the Compensation and Governance Committee approved the 2015 peer group, which consisted of two subgroups: a peer group of 24 entities which participated in the Mercer survey (50% in the pipeline/midstream sector; 42% in the exploration and production sector and 8% in the drilling sector); and a peer group of 19 publicly traded entities whose management information circulars had been reviewed (26% in the storage and transportation sector; 63% in the exploration and production sector; and 11% in the drilling sector).

The rationale for selecting the peer group was based on the following factors: the complexity of Keyera's business, the limited number of true peers in the midstream industry and the pool of entities with which Keyera competes for talent. The approach that was taken is similar to that applied in selecting the 2014 peer group, with some minor adjustments as a result of significant reduction in market capitalization of most energy companies in 2015. The Compensation and Governance Committee does not know which members of the peer group comprise the benchmark for each executive position.

2015 Peer Group Member	Mercer Survey	Circular Data
AltaGas Ltd.	X	X
ARC Resources Ltd.	X	X
ATCO Energy Solutions	X	
ATCO Pipelines	X	
Baytex Energy Corp.	X	X
Bonavista Energy Corporation	X	X
Enerplus Corp.	X	X
Ensign Energy Services Inc.	X	X
Gibson Energy Inc.	X	X
Inter Pipeline Ltd.	X	X
Kinder Morgan Canada, Inc.	X	
MEG Energy Corp.	X	X
Paramount Resources Ltd.	X	X
Pembina Pipeline Corporation	X	X
Pengrowth Energy Corporation	X	X
Peyto Exploration & Development Corp.	X	X
Plains Midstream Canada	X	
Precision Drilling Corporation	X	X
SemCAMS ULC	X	
Seven Generations Energy Ltd.(1)	X	X
Spectra Energy Transmission	X	
Tourmaline Oil Corp.(1)		X
Veresen Inc.	X	X
Vermilion Energy Inc.		X
Whitecap Resources Inc.(1)	X	X
Williams Energy (Canada)	X	

Note:

(1) As compared to the 2014 peer groups, Seven Generations Energy Ltd., Tourmaline Oil Corp. and Whitecap Resources Inc. were added in 2015. Alliance Pipeline Ltd., Athabasca Oil Sands Corp., Shawcor Ltd., Trican Well Services Ltd. and Trilogy Energy Corp. were removed.

Keyera also uses a peer group to assess its total shareholder return performance under its LTIP. The composition of the LTIP total shareholder return peer group is different from the overall compensation benchmarking peer group, as it consists of a fewer number of entities, all of which Keyera competes with for investors. The composition of the peer group for the LTIP total shareholder return analysis is reviewed annually and is discussed under the heading "Compensation Discussion and Analysis - Long Term Incentive Plan – Performance Metrics."

Keyera's Approach to Base Salary

Keyera believes that a fixed annual base salary is an essential tool in retaining qualified employees. Base salaries for all employees, including the executive officers, are adjusted, as appropriate, based on performance, competencies, responsibilities and competitive market data. Keyera generally tries to target its base salaries at the median level range of the peer group. While no formal mathematical weighting formula is used to determine base salaries, the Compensation and Governance Committee considers all factors that it deems relevant in formulating its recommendations, including the executive officer's performance and the Committee's analysis of factors such as:

comparability of entities in the peer group; the quality of data in the peer group; and the quality of the job match. In setting base salaries, Keyera also examines data that could influence wages during the year, including such factors as the consumer price index, gross domestic product, unemployment rates, industry trends and the overall economic outlook.

Determination of 2015 Base Salaries

In determining its base salary recommendations in 2015, the Compensation and Governance Committee reviewed the salary ranges for all officers in the context of their individual competencies and comparable market data based on matches to similar roles in the 2014 peer group, which was the most current information available at the time salaries are set.

> Keyera targets base salary at median. In 2015:
> - ✓ Base salaries for the Senior Vice Presidents were within +/- 10% of the 50th percentile
> - ✓ CEO base salary was below the 50th percentile
>
> No increases for 2016 NEO base salaries were approved when considered in the first quarter

Keyera's target salary for its executive officers was in the median range within the peer group, with adjustments based on considerations such as: the scope of the executive's position; length of service with Keyera and length of time in the current role; the executive's relevant competencies and experience; retention risk; and the executive's overall contribution to the management team and Keyera's performance. The Compensation and Governance Committee reviewed base salaries in the fall of 2015 based on the 2015 peer group. Based on the 2015 peer group analysis prepared by Mercer, the base salary for Keyera's Chief Executive Officer was below the 50th percentile, while the base salaries for the Senior Vice Presidents were above the 50th percentile, but within +/-10% of the 50th percentile. The Board considered 2016 base salaries in February of this year and determined that in light of the current environment, it would not increase 2016 base salaries for the NEOs at that time.

The table below sets out the 2014 and 2015 base salaries for each NEO, along with the percentage change between the two years.

Name and Position(1)	2014 Base Salary (as of December 31)	2015 Base Salary (as of December 31)	% Change between 2014 and 2015
James Bertram Executive Chair	$572,000	$500,000	(13%)
David Smith President and Chief Executive Officer	$423,830	$500,000	18%
Steven Kroeker Senior Vice President, Chief Financial Officer	$337,716	$360,000	7%
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	$340,953	$360,000	6%
Dean Setoguchi Senior Vice President, Liquids Business Unit	$340,000(2)	$360,000	6%

Notes:

(1) Mr. Bertram was Chief Executive Officer in 2014. Effective January 1, 2015, he ceased to be Chief Executive Officer and was appointed Executive Chair. Mr. Smith held the position of President and Chief Operating Officer in 2014. Effective January 1, 2015, he was appointed President and Chief Executive Officer. Mr. Kroeker held the position of Vice President, Chief Financial Officer in 2014 and was appointed Senior Vice President, Chief Financial Officer effective February 3, 2015. Mr. Setoguchi rejoined Keyera and was appointed Senior Vice President, Liquids Business Unit on April 3, 2014.

(2) The $340,000 base salary reported for Mr. Setoguchi is an annualized amount. The actual base salary paid to Mr. Setoguchi in 2014 was $252,424, reflecting the fact that he joined Keyera in April 2014.

Short Term Incentive Plan

The STIP is an annual cash bonus program in which all permanent employees, including all officers other than the Executive Chair, are eligible to participate. It is intended to promote the achievement of short term corporate and operational goals by providing an annual financial incentive based on individual and corporate performance. It is also designed to help achieve the overall goals of Keyera's compensation program by providing short term incentives to attract, retain, motivate and reward employees**.**

Establish Performance Targets

The quantitative corporate performance measure underlying the STIP is after tax distributable cash flow per share which is cash flow from operating activities on an after tax basis, adjusted for changes in non-cash working capital, long-term incentive plan costs, inventory write-downs and maintenance capital expenditures. Some of the reasons for using this metric as the measure of corporate performance include:

- **Consistency**: Management uses distributable cash flow as a supplemental financial measure in evaluating the level of cash flow generated from operations and to evaluate the adequacy of internally generated cash flow to fund dividends and growth initiatives;
- **Transparency**: Given that Keyera publishes its distributable cash flow every quarter in its management's discussion and analysis (available on SEDAR at www.sedar.com), it offers transparency and a clear line of sight for executives, employees and shareholders;
- **Alignment**: Distributable cash flow is strongly correlated with shareholder return, and therefore supports the alignment between executive compensation and Keyera's performance. It is the same performance metric that is used for STIP bonuses for all employees which supports internal alignment; and
- **Ability to Pay**: The STIP bonuses are paid out of distributable cash flow which addresses risks associated with ability to fund the payment of the bonuses.

After tax distributable cash flow STIP target:
- ✓ Set at the beginning of the year
- ✓ Sensitivities are considered with respect to the performance required to achieve various multipliers
- ✓ Targets are set with shareholder experience in mind

At the beginning of the compensation cycle for the STIP, the Board of Directors, based on the advice and recommendations of the Compensation and Governance Committee, approves the after tax distributable cash flow per share performance target. The approved target is derived from analysis provided by management, as well as assessments of Keyera's historical and anticipated performance, including growth capital plans, capital reinvestment requirements and industry trends. The Compensation and Governance Committee considers various performance scenarios at the time the target is approved to illustrate how various levels of performance may affect the performance multiplier.

Evaluate Business Performance

The Compensation and Governance Committee and the Board evaluate Keyera's performance, taking into account a range of relevant factors including but not limited to: Keyera's overall financial results; operational and financial performance of each business unit; total shareholder return; performance relative to similar companies within its industry (including the 2015 peer group); and the effect of significant upturns or downturns in corporate performance. The Compensation and Governance Committee uses the peer analysis to help guide the decision making process in making recommendations to the Board and to put compensation decisions in context, but this data and benchmarking process are not determinative.

Determine Size of Pool

STIP bonuses are paid out of a pool approved annually by the Board of Directors. If actual performance meets the after tax distributable cash flow per share performance target, the total size of the STIP pool is calculated using the target STIP percentage for each employee category. If actual performance exceeds or falls below the target, the STIP pool is adjusted accordingly. In making recommendations to the Board, the Compensation and Governance Committee reviews the performance scenarios that were considered at the time the target was set.

The Board believes that the use of judgment when determining the overall size of the pool available for STIP payments to the executive officers is a critical element in making sure that overall STIP bonuses are appropriate. The Board, on the recommendation of the Compensation and Governance Committee, exercises discretion in setting the size of the pool with the goal of ensuring that the STIP pool is aligned with actual performance, adequately reflects risks, accommodates unexpected circumstances and mitigates the possibility of unintended awards arrived at by formula.

Evaluate Individual Performance

Individual performance of each executive officer is reviewed at least annually. Keyera does not assign formal weighting or quantitative measures to individual performance factors. The executive officers are evaluated based on a subjective assessment of their respective contribution to: the achievement of Keyera's overall business strategy, goals and financial performance; the performance of their business unit or particular reporting areas, including financial results, operations and health and safety performance; their management, mentoring and leadership skills; effectiveness of risk identification and mitigation; and their overall role as part of the leadership team. The results of these reviews are presented to the Compensation and Governance Committee. The Compensation and Governance Committee is responsible for assessing the performance of the President and Chief Executive Officer and meets him *in camera* following Committee meetings. Because of the unique nature of the Executive Chair role, the Board of Directors has determined that this position is not eligible for incentive awards under the STIP program and therefore an individual performance weighting is not assigned to the Executive Chair.

Determine Awards

Performance Weighting: In determining incentive awards under the STIP, Keyera has adopted guidelines with respect to the relative weighting of corporate performance and individual performance. These guidelines are reviewed each year by the Compensation and Governance Committee. The relative weight given to each of these factors varies depending on the position and an individual's ability to impact corporate results. As of December 31, 2015, and for the purpose of the 2015 STIP bonuses, the respective weighting within the executive group was:

Executive Position	Corporate Performance	Individual Performance
Executive Chair	N/A	N/A
President and Chief Executive Officer	90%	10%
Senior Vice President, Chief Financial Officer	80%	20%
Senior Vice President, Gathering and Processing	80%	20%
Senior Vice President, Liquids Business Unit	80%	20%
Other Executives	80%	20%

STIP Bonus Ranges: Based on the individual performance assessments the executive officers receive an individual performance score, which is combined with the corporate performance score, to arrive at the proposed STIP calculation for each executive officer. To help provide an additional framework for this process, Keyera has adopted guidelines with respect to the recommended ranges (as a percentage of base salary) for STIP bonuses for its NEOs. As of December 31, 2015, and for the purposes of calculating the 2015 STIP bonuses, the ranges were:

Executive Position	Low End of STIP Bonus Range (as a percent of base salary)	High End of STIP Bonus Range (as a percent of base salary)
Executive Chair	N/A	N/A
President and Chief Executive Officer	0%	140%
Senior Vice President, Chief Financial Officer	0%	110%
Senior Vice President, Gathering and Processing	0%	110%
Senior Vice President, Liquids Business Unit	0%	110%
Other Executives	0%	80%

Application of Discretion: The Board believes that the use of judgment when determining individual awards is important in order to make sure that STIP bonuses for each executive are appropriate. Therefore, the Compensation and Governance Committee or the Board may exercise discretion to adjust individual awards (to the extent not addressed through the individual performance assessments) in light of the total compensation paid to an executive, comparative rankings to the peer group and appropriate internal equity among members of the executive team such that officers with similar responsibilities, experience and historical performance are rewarded comparably. In some circumstances, this could mean that the STIP bonuses fall outside the guideline ranges as a percent of base salary. Further, because the actual awards granted under the STIP are discretionary, if corporate performance and/or individual performance are not satisfactory, actual bonus amounts payable may be zero.

2015 STIP:
- ✓ Target after tax distributable cash flow per share was $2.25
- ✓ Actual (adjusted) after tax distributable cash flow per share was $2.63 ($2.84 prior to adjustments)
- ✓ Corporate performance exceeded target by 17%
- ✓ Corporate performance rating of 1.5 was approved

Determination of 2015 STIP Bonuses

2015 STIP Target

In 2015, the approved target level after tax distributable cash flow per share for the STIP was $2.25, compared to $1.76 in 2014. The increase in the target was based on expectations with respect to: Keyera's anticipated financial performance in light of the execution of its business strategy; expected growth in cash flow in light of new facilities coming online; anticipated demand for services at Keyera's core facilities; and the overall shareholder experience should Keyera achieve the target. In setting the target, the Board also took into account Keyera's 2015 taxability forecast and the anticipated capital spend on projects that would not come on line until after 2015.

Actual annual after tax distributable cash flow per share in 2015 was $2.84, approximately 26% higher than the target of $2.25 that was approved by the Board of Directors. However, this actual distributable cash flow per share included approximately $40 million of physical margins and realized cash gains associated with the settlement of risk management contracts in the first quarter of 2015 that had been put in place to help protect the value of certain inventory in 2014. Because $36 million of this margin had been included in the calculation of annual after tax distributable cash flow per share for the purposes of the 2014 STIP in order to address the timing misalignment between the 2014 inventory write-down and the margin expected to be realized in the first quarter of 2015, the Board of Directors deducted this $36 million from the calculation of the annual after tax distributable cash flow per share for the purposes of calculating 2015 STIP performance. Therefore, the adjusted after tax distributable cash flow per share applied for the purpose of measuring corporate performance under the STIP was $2.63, approximately 17% above the target.

Determination of Bonuses

In determining the size of the STIP pool, the Board evaluated the appropriate corporate performance rating in order to establish an STIP pool aligned with Keyera's overall performance. In making this determination, the Board recognized that Keyera had exceeded its target after tax distributable cash flow per share by approximately 17% on an adjusted basis, while also delivering strong financial and operational results when measured by other metrics. While the primary factor that determined the corporate performance rating was the degree to which the target was exceeded, the

Board also considered a number of other factors relevant to the size of the STIP pool, including: shareholder experience (including compound annual growth rate in distributable cash flow per share); record financial performance in all business segments; advancement of key business and operational initiatives; execution of capital projects; negotiation of significant joint ventures; successful negotiation of commercial contracts to underpin new capital projects; and an ongoing solid financing strategy. (See the subsection called "Performance Analysis" of this Compensation Discussion and Analysis).

Based on careful analysis of these considerations, the Board of Directors, on recommendation of the Compensation and Governance Committee, approved a corporate performance rating of 1.5. This corporate performance rating, when combined with its assessment of the individual contributions of each NEO, generally resulted in smaller bonuses compared to 2014, when the corporate performance multiplier was 2.0. The bonuses for the executive officers (other than the Executive Chair who is not eligible for the STIP) were evaluated in the context of the 2015 peer group. Actual bonuses paid to the NEOs for 2015 performance as a percentage of 2015 base salary as compared to bonuses paid for 2014 performance as a percentage of 2014 base salary are summarized in the following table.

Name and Position[1]	2015 STIP Bonus	Percentage of 2015 Base Salary	Potential 2015 STIP Range Percentage of Base Salary	2014 STIP Bonus	Percentage of 2014 Base Salary	Potential STIP Range Percentage of Base Salary
James Bertram Executive Chair	N/A	N/A	N/A	$800,800	140%	0-140%
David Smith President and Chief Executive Officer	$533,750	107%	0-140%	$585,946	138%	0-140%
Steven Kroeker Senior Vice President, Chief Financial Officer	$304,920	85%	0-110%	$362,200	107%	0-110%
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	$300,960	84%	0-110%	$375,049	110%	0-110%
Dean Setoguchi Senior Vice President, Liquids Business Unit	$302,940	84%	0-110%	$272,738	108%[2]	0-110%

Notes:

(1) In 2014, Mr. Bertram was Chief Executive Officer. Effective January 1, 2015, Mr. Bertram ceased to be Chief Executive Officer and was appointed Executive Chair. Mr. Smith held the position of President and Chief Operating Officer in 2014 and was appointed President and Chief Executive Officer effective January 1, 2015. Mr. Kroeker held the position of Vice President, Chief Financial Officer in 2014 and was appointed Senior Vice President, Chief Financial Officer effective February 3, 2015. Mr. Lock was Senior Vice President, Liquids Business Unit until July 2013, at which time he was appointed Senior Vice President, Gathering and Processing Business Unit. Mr. Setoguchi was appointed Senior Vice President, Liquids Business Unit on April 3, 2014.

(2) The STIP as a percentage of base salary is based on the actual salary paid to Mr. Setoguchi. Mr. Setoguchi joined Keyera in April 2014. His 2014 annualized base salary was $340,000.

Long Term Incentive Plan

LTIP Overview and Types of Awards

To encourage executive officers to remain focused on long-term shareholder value and promote payment of actual compensation that is reflective of risk-adjusted performance over time, a significant portion of their total compensation is delivered through Keyera's LTIP. The principal purposes of Keyera's LTIP include: (a) attracting and retaining qualified officers and employees; (b) promoting a proprietary interest in Keyera by such officers and employees and encouraging them to put forth maximum efforts for the success of Keyera's business; and (c) further focusing management on ongoing operational and financial performance and total long-term shareholder return.

The LTIP is intended to reward executive officers and other key employees for superior performance over a three year performance period and for their ongoing contributions to Keyera's success. LTIP Awards are granted on an annual basis and are designed to reward performance that is aligned with shareholder objectives by linking the value of each LTIP Award to shareholder returns over the performance period. The three year time horizon takes into account the fact that many of Keyera's capital growth projects can take 1 to 3 years to develop, construct or integrate. There are two types of LTIP Awards:

1. <u>Restricted Awards</u> are deliverable in three equal instalments on or before the September 1st following the first, second and third anniversaries of the grant date. Restricted Awards are subject to an adjustment ratio which takes into account the accumulation of dividends over the period from the date of the grant to the delivery date.

2. <u>Performance Awards</u> are deliverable on or before the September 1st following the third anniversary of the grant date. The Performance Awards are tied to the performance of Keyera over a three year performance period which enhances the long term pay-for-performance link and aligns with the risk horizon of longer-term strategic projects.

   Performance Awards are subject to two adjustments: an adjustment ratio which takes into account the accumulation of dividends between the time the Awards are granted and the date they are delivered; and a payout multiplier which is tied directly to Keyera's performance during the three year performance period. If Keyera's performance as of the end of the performance period does not meet the minimum threshold approved by the Board, the actual number of shares delivered on the delivery date would be zero.

The Compensation and Governance Committee administers the LTIP and makes recommendations to the Board of Directors with respect to such matters as: determining who is entitled to receive LTIP Awards; the times at which LTIP Awards will be granted and the number of shares to be covered by each LTIP Award; establishing performance metrics and performance targets; and prescribing amendments for each grant cycle.

LTIP Features

- ✓ Performance metrics and targets are set up-front, before the performance period starts
- ✓ Performance period aligns with typical project development horizons
- ✓ Performance metrics are transparent, and combine an absolute measure and a relative measure
- ✓ Non-dilutive
- ✓ If minimum performance thresholds are not met, the payout may be zero.
- ✓ Executive officers are only granted performance awards

Participation

All executive officers participate in the LTIP. While directors are technically eligible to receive LTIP Awards, the Board of Directors has adopted the practice of not making LTIP Awards to directors. The Board has made it a practice to only grant Performance Awards to the NEOs. None of the NEOs have any outstanding Restricted Awards.

Performance Metrics and Targets

Metrics: The LTIP gives the Board the discretion to determine the performance metrics that will be used to determine the payout multiplier for each set of Performance Awards and to establish the relative weighting of each such metric. These performance metrics for the Performance Awards are determined prior to the beginning of the performance period. For the 2013, 2014 and 2015 grants, the Board, based on the advice of the Compensation and Governance Committee, selected two performance metrics: (i) average pre-tax distributable cash flow per share over the three year performance period; and (ii) relative total shareholder return in a defined peer group over the three year performance period. The overall payout multiplier is determined by adding the results of the average annual pre-tax distributable cash flow per share multiplier (weighted at 70%) and the relative peer total shareholder return multiplier (weighted at 30%). The maximum payout multiplier is two times. Each of the performance metrics is discussed in more detail below:

1. Average pre-tax distributable cash flow per share

   - The average pre-tax distributable cash flow per share metric is weighted at 70% of the payout multiplier for each of the 2013, 2014 and 2015 Performance Awards. Therefore the maximum performance level for this metric is 1.4 times (i.e. 70% times the maximum multiplier of 2.0).
   - This metric is calculated based on the average annual pre-tax distributable cash flow per share for the three-year performance period commencing on the July 1st grant date of the Performance Award.
   - Pre-tax distributable cash flow is equal to cash flow from operating activities calculated in accordance with GAAP, adjusted by (i) adding any current income tax expense and any reduction in non-cash working capital; (ii) subtracting any current period LTIP expenses and adding any current period LTIP recoveries; (iii) subtracting any current income tax recovery, any maintenance capital, any distributable cash flow attributable to a non-controlling interest and any increase in non-cash working capital; (iv) subtracting any cash flow resulting from the disposition of any assets that have not been or would not be classified on Keyera's balance sheet as current assets; and (v) if inventory has been written down and, at the date that the pre-tax distributable cash flow is calculated, such inventory has not been sold or any gains on financial instruments relating to such inventory have not been realized, adding such unrealized gains on such inventory. This amount is divided by the weighted average number of shares outstanding during the period to determine pre-tax distributable cash flow per share.

Rationale for the LTIP Performance Metrics:
- ✓ Average pre-tax distributable cash flow per share: Aligns with measurements applied by management and investors to evaluate cash flow generated from operations; Strongly correlated with shareholder returns.
- ✓ Total shareholder return: Shows Keyera's share performance over time relative to other comparable companies. Aligns with shareholder experience.

2. Relative total shareholder return in a defined peer group

- The relative peer total shareholder return metric is weighted at 30% of the payout multiplier for each of the 2013, 2014 and 2015 Performance Awards. Therefore the maximum performance level for this metric is 0.6 times (i.e. 30% times the maximum multiplier of 2.0).
- The three year performance period begins on the July 1st grant date of the Performance Award.
- Total shareholder return is calculated for Keyera and each of the companies in the defined peer group by taking the weighted average trading price for the last 20 trading days of the performance period, plus all dividends paid during the performance period less the weighted average trading price for the last 20 trading days prior to the grant date, divided by the weighted average trading price for the last 20 trading days prior to the grant date.
- The relative peer total shareholder return metric is then calculated using a percentile ranking method compared to a defined peer group. The peer group reflects companies with whom Keyera competes for investors within the midstream space. The defined peer groups for each of 2013, 2014 and 2015 include the following:
    - Pembina Pipeline Corp.
    - Altagas Ltd.
    - Inter Pipeline Fund
    - Veresen Inc.
    - Enbridge Income Fund Inc.
    - Enbridge Inc.
    - TransCanada Corp.
    - Gibson Energy Inc.

Targets: Based on the foregoing performance metrics, the tables below describe thresholds and targets (all adjusted to reflect the two-for-one share split completed in April 2015) that will be applied in determining the payout multipliers for the 2013, 2014 and 2015 grants.

2013 Performance Award Payout Multiplier			
70% Performance Weighting		**30% Performance Weighting**	
Three-year average annual pre-tax distributable cash flow per share	**Payout Multiplier**	**Relative peer total shareholder return Percentile Rank**	**Payout Multiplier**
Less than $1.60	Nil	Less than 25th	Nil
$1.60 – $1.76	50% – 99%	25th – 49th	50% – 99%
$1.77 – $2.09	100% – 199%	50th – 74th	100% – 199%
$2.10 and greater	200%	75th and greater	200%

2014 Performance Award Payout Multiplier			
70% Performance Weighting		**30% Performance Weighting**	
Three-year average annual pre-tax distributable cash flow per share	**Payout Multiplier**	**Relative peer total shareholder return Percentile Rank**	**Payout Multiplier**
Less than $2.00	Nil	Less than 25th	Nil
$2.00 – $2.19	50% –99%	25th – 49th	50% – 99%
$2.20 – $2.59	100% –199%	50th – 74th	100% – 199%
$2.60 and greater	200%	75th and greater	200%

2015 Performance Award Payout Multiplier			
70% Performance Weighting		30% Performance Weighting	
Three-year average annual pre-tax distributable cash flow per share	**Payout Multiplier**	**Relative peer total shareholder return Percentile Rank**	**Payout Multiplier**
Less than $2.70	Nil	Less than 25th	Nil
$2.70 – $3.29	0% – 99%	25th – 49th	50% – 99%
$3.30 – $3.89	100% – 199%	50th – 74th	100% – 199%
$3.90 and greater	200%	75th and greater	200%

Determine LTIP Grants

In determining the value of Performance Awards to grant to each executive officer, the Compensation and Governance Committee and Board of Directors take into account such factors as: individual performance; performance of the executive's business unit or area of responsibility; overall financial and corporate performance; the position of the officer; the roles and responsibilities assumed by the officer; comparative data and peer group benchmarks; internal equity within the executive team; and the contributions of the officer to the executive team and to Keyera overall. There is no formal weighting assigned to these criteria.

The Board of Directors has adopted general guidelines to provide a framework for the size of LTIP grants to its NEOs as a percentage of base salary. These guidelines are reviewed periodically and compared against the peer group. The guidelines in place at the time of the 2015 LTIP grants were as follows:

Executive Position	Low End of LTIP Grant Range (as a percent of base salary)	High End of LTIP Grant Range (as a percent of base salary)
Executive Chair	200%	400%
President and Chief Executive Officer	200%	400%
Senior Vice President, Chief Financial Officer	150%	300%
Senior Vice President, Gathering and Processing	150%	300%
Senior Vice President, Liquids Business Unit	150%	300%
Other Executives	80%	200%

The Compensation and Governance Committee will be reviewing these guidelines again in 2016.

Monitor Year over Year Performance

The Compensation and Governance Committee receives periodic reports on the status of the payout multipliers under each grant of Performance Awards in order to monitor the year over year value of those Awards. This assists the Committee's understanding of the overall compensation of each executive officer and also facilitates the Committee's ongoing evaluation of the LTIP program, including how the program is satisfying its objectives.

Settlement of LTIP Awards

Under the terms of the LTIP, LTIP Awards may, at the discretion of the Board of Directors, be settled by delivery of shares to the recipient of the LTIP Awards or by payment of cash. The Board of Directors has adopted the practice of providing participants with the option to receive settlement in cash or shares (or a combination thereof). Keyera does not have the ability to issue shares from treasury to settle LTIP Awards and therefore, if the LTIP Awards are settled by delivery of shares, those shares are acquired in the open market. If LTIP Awards are settled, in whole or in part, by payment of cash, the recipient of the LTIP Award will be paid an amount equal to the aggregate current market value of the shares that would otherwise have been delivered on the delivery date (based on the closing price of the shares on the TSX on the day immediately preceding such delivery date) in consideration of the recipient surrendering the right to receive shares under the LTIP Award. Regardless of whether the LTIP Awards are settled in shares or cash, a cash amount equal to the applicable withholdings is withheld and remitted to the appropriate taxing authorities.

Plan participants are generally required to continue in a qualifying position throughout the performance period and to be employed by Keyera at the time of settlement as a condition of receiving the shares in settlement of the LTIP Awards. However, if a participant's employment terminates earlier due to the participant's retirement, disability or death, or if he or she is terminated without cause, or a change of control transaction occurs, settlement of LTIP Awards and the number of shares deliverable to such participant is calculated in the manner specified in the plan. See "Compensation of the Named Executive Officers - Termination and Change of Control." A participant who voluntarily resigns or whose employment is terminated for just cause forfeits all rights to any LTIP Awards granted under the plan.

Determination of 2015 LTIP Awards

LTIP Awards Granted in 2015

In determining the value of LTIP Awards to be granted to Keyera's officers in 2015, the Compensation and Governance Committee and the Board of Directors took into account the total compensation of each officer in relation to the 2014 peer group in the context of Keyera's overall absolute and relative performance. In looking at Keyera's overall corporate performance, the Board considered performance measures such as: annualized total return, total shareholder return, dividends per share and distributable cash flow per share over various performance periods. The Board also reviewed historical LTIP grant and payout values. In determining the value of LTIP Awards to be granted to each NEO, the Board also considered the factors described under the subheading "Determine LTIP Grants" above.

The following table outlines the total number of Performance Awards granted to the NEOs in 2015 along with the applicable delivery dates.

Name and Position	Total Number of Performance Awards Granted in July 2015	Delivery Date (on or before)
James Bertram Executive Chair	36,224	September 1, 2018
David Smith President and Chief Executive Officer	41,053	September 1, 2018
Steven Kroeker Senior Vice President, Chief Financial Officer	18,233	September 1, 2018
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	19,102	September 1, 2018
Dean Setoguchi Senior Vice President, Liquids Business Unit	18,233	September 1, 2018

In the fall of 2015, the Compensation and Governance Committee reviewed the grants in the context of total compensation in relation to the 2015 peer group as part of its review of total direct compensation and pay mix for executive officers.

Settlement of LTIP Awards in 2015

In 2015, Keyera settled the Performance Awards that were granted in 2012. The settlement value of the 2012 Performance Awards was calculated based on the following:

- A share price of $43.84: the closing price on August 15, 2015, the last trading day before the delivery date;
- A payout multiplier of 2.00: reflecting Keyera's actual average three year distributable cash flow performance from July 2012 and through the end of June 2015, which was well above the target set in 2012; and
- An adjustment ratio of 1.12308: reflecting the value of the dividends paid during the three year performance period plus the two months between the end of the performance period and the delivery date.

The following table summarizes the 2012 Performance Awards that were settled with NEOs in 2015.

Name and Position(1)	Number of Performance Awards Settled in 2015(2)	Grant Date Value(3) (2012)	Value of Performance Awards Settled in 2015(2)
James Bertram Executive Chair	36,000	$774,900	$3,544,990
David Smith President and Chief Executive Officer	28,000	$602,700	$2,757,273
Steven Kroeker Vice President, Chief Financial Officer	16,000	$344,400	$1,575,610
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	17,000	$365,925	$1,674,074
Dean Setoguchi Senior Vice President, Liquids Business Unit	Nil	Nil	Nil

Notes:

(1) Mr. Bertram held the position of Chief Executive Officer until January 1, 2015 at which time he was appointed Executive Chair. Mr. Smith held the position of President and Chief Operating Officer until January 1, 2015, at which time he was appointed President and Chief Executive Officer. Mr. Kroeker was Vice President, Corporate Development at the time of the 2012 grants. He was appointed Vice President, Chief Financial officer in November 2012 and Senior Vice President, Chief Financial Officer effective February 3, 2015. Mr. Lock was Senior Vice President, Liquids Business Unit at the time of the 2012 grants and was appointed Senior Vice President, Gathering and Processing Business Unit on July 1, 2013. Dean Setoguchi was appointed Senior Vice President, Liquids Business Unit on April 3, 2014.

(2) The number of Performance Awards has been adjusted to reflect the two-for-one stock split. The total value of Performance Awards settled in 2015 is subject to rounding associated with the two-for-one stock split.

(3) The effective date of the 2012 grants was July 1, 2012. The grant date value for the 2012 grants is based on a share price of $21.525 (on a post-split basis).

Outstanding Number of LTIP Awards

As of December 31, 2015, there were a total of 979,644 Performance Awards and 120,534 Restricted Awards outstanding under the LTIP. In accordance with the LTIP, no person may be granted any LTIP Award which, together with all LTIP Awards then held by such person, would entitle him or her to receive a number of shares which exceeds 5% of the outstanding shares.

2015 Actual Total Direct Compensation: Pay for Performance

Executive compensation was tested against Keyera's performance in a number of ways. In 2015, the Compensation and Governance Committee compared year over year STIP bonuses and total direct compensation paid in relation to corporate financial metrics including: Keyera's distributable cash flow per share, total cumulative shareholder return and adjusted EBITDA. (See "Other Matters – Disclaimer: Presentation of Financial Information"). These are measures commonly used to measure corporate profitability and performance and are therefore considered appropriate measures against which to evaluate executive compensation.

As a group, total NEO compensation as a percentage of distributable cash flow was lower in 2015 compared to the prior years. This is in part due to the change in the structure of Mr. Bertram's compensation to exclude eligibility for the STIP in 2015, the lower corporate performance multiplier for the 2015 STIP compared to 2014, and the supplemental Performance Awards granted to Mr. Setoguchi in April 2014 when he rejoined Keyera. The following table shows the relationship between Keyera's distributable cash flow performance, which reflects the primary performance measure used by Keyera in its incentive compensation programs, and NEO compensation for the last three years.

	Distributable Cash Flow[1] (millions)	Total NEO Compensation[2] (millions)	Total NEO Compensation as a Percentage of Distributable Cash Flow
2013	$288.1	$6.94	2.4%
2014	$389.0	$10.7	2.8%
2015	$482.1	$9.43	2.0%

Notes:

(1) Distributable cash flow is cash flow from operating activities adjusted for changes in non-cash working capital, long-term incentive plan costs, inventory write-down and maintenance capital expenditures. See Keyera's 2015 Annual Financial Statements and Management Discussion and Analysis for a full discussion of Keyera's calculation of distributable cash flow and a reconciliation to its nearest GAAP measure. See "Other Matters – Disclaimer: Presentation of Financial Information."

(2) Total NEO compensation includes base salary, STIP earned in the applicable year, LTIP Awards at grant date value, pension value and "other compensation" (to the extent required to be reported for the purposes of the Summary Compensation Table). The calculations for each year are based on the compensation paid to the individuals who were identified as NEOs in those years.

In addition, the Committee considered Keyera's financial performance relative to: (i) the S&P/TSX Composite Index (see "Compensation Discussion and Analysis – Performance Graph and Performance Analysis); and (ii) the publicly traded companies within the 2015 peer group. The following table highlights Keyera's performance relative to the publicly traded companies within the peer group based on the analysis prepared as of August 2015 by Mercer to assist the Committee in its analysis of comparable pay-for-performance:

Keyera's Performance Relative to the 2015 Peer Group			
Measure[1]	**1 year**	**3 year**	**5 year**
Revenue Growth	Below 25th percentile	Near 25th percentile	Between 25th and 50th percentile
EBITDA Growth	Near 75th percentile	Above 75th percentile	Above 75th percentile
Earnings per Share Growth	Above 75th percentile	Near 100th percentile	75th percentile
Return on Assets	Between 75th and 100th percentile	Between 75th and 100th percentile	Between 75th and 100th percentile
Return on Equity	100th percentile	100th percentile	100th percentile
Return on Investment	Near 100th percentile	100th percentile	100th percentile
Total Shareholder Return[2]	Near 100th percentile	100th percentile	100th percentile

Notes:

(1) Growth and return measures (other than Total Shareholder Return) were based on the most recent 12 months as of the time of preparation of the analysis in August 2015. Many of these are non-GAAP measures. See "Other Matters - Disclaimer: Presentation of Financial Information."

(2) Total Shareholder Return based on market capitalization and enterprise value as of July 2015.

As can be seen above, Keyera's overall performance compares very favourably to the 2015 peer group by almost all metrics over one, three and five year horizons. Keyera has generally achieved results near or above 75th percentile as measured by returns. Based on the benchmarking analysis prepared by Mercer, actual total direct compensation of Keyera's NEOs was generally between the 50th and 75th percentile compared to the 2015 peer group.

The Board of Directors recognizes the importance of (i) offering a competitive compensation program that will achieve its objectives; (ii) compensating NEOs for the excellent business, operational and financial success Keyera has had, including the strong shareholder returns, the execution of the capital growth program, the dividend increase track record and maintenance of a strong balance sheet and low payout ratio; (iii) managing the timing of completion of and realization of cash flow from major capital projects, and rewarding the work associated with the development of these projects; and (iv) applying appropriate compensation risk management principles so as to minimize excessive risk taking by NEOs. These considerations, within the context of the overall economic environment, will continue to inform the Board of Directors' approach to executive compensation and the establishment of targets under Keyera's incentive compensation programs in 2016.

Total Direct Compensation Pay For Performance Snapshot:

- ✓ Keyera's overall performance compares very favourably to the 2015 peer group over one, three and five year horizons.
- ✓ Keyera has generally achieved results near or above 75th percentile as measured by returns.
- ✓ Based on the benchmarking analysis prepared by Mercer, actual total direct compensation of Keyera's NEOs was generally between the 50th and 75th percentile compared to the 2015 peer group.

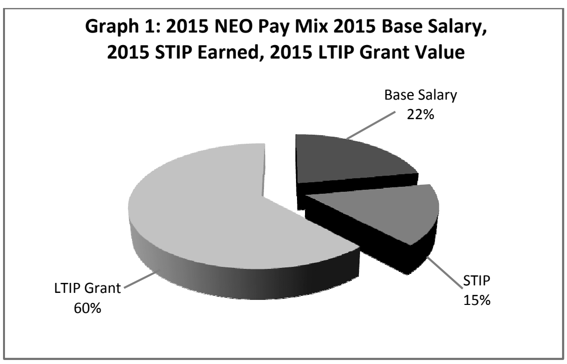
Pay Mix

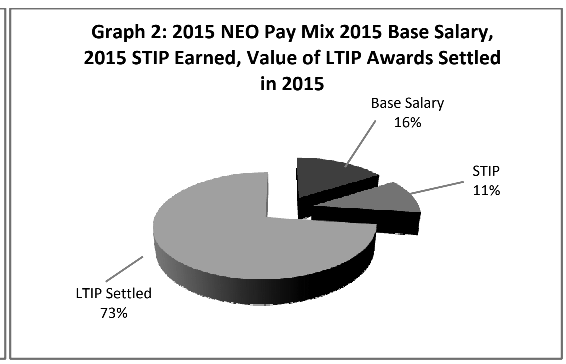
NEO Pay Mix: The target pay mix for Keyera's NEOs is more heavily weighted to variable incentive compensation which aligns with Keyera's pay-for-performance model. Within the variable compensation mix, there is greater weight on long-term incentive compensation which aligns with Keyera's approach to mitigating compensation risk. With respect to Keyera's long-term incentive mix, Keyera only grants Performance Awards (with a three year performance period) to its NEOs and does not grant time vested Restricted Awards. The actual total direct pay mix varies depending on Keyera's performance. The shift in pay mix between total compensation based on LTIP grant value and total compensation based on actual realized value aligns with Keyera's very strong performance over the last three years.

The following graphs illustrate the total direct compensation pay mix for Keyera's current five NEOs as a group in 2015 on the basis of:

(1) Graph 1: actual 2015 base salary, 2015 STIP earned for the performance year and grant date value of the 2015 LTIP Awards (all as presented in the Summary Compensation Table under "Compensation of the Named Executive Officers"); and

(2) Graph 2: actual 2015 base salary, 2015 STIP earned for the performance year (as presented in the Summary Compensation Table under "Compensation of the Named Executive Officers") and the value of LTIP Awards settled in 2015 (as presented in the Share Based Awards: Value Delivered During the Year table under the heading "Compensation of the Named Executive Officers - Incentive Plan Awards").



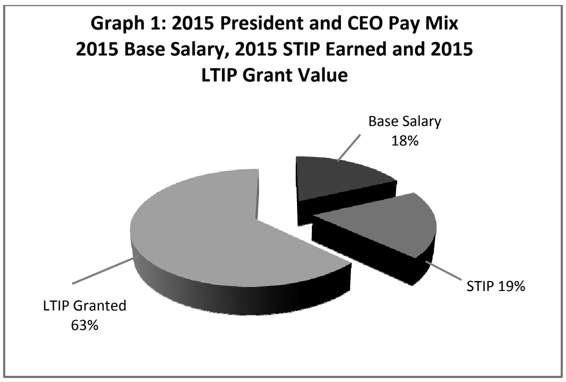


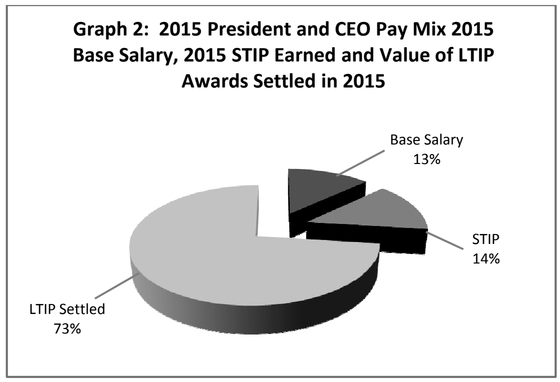
Chief Executive Officer Pay Mix: With respect to compensation of the Chief Executive Officer in particular, Mr. Smith has assumed the role of President and Chief Executive Officer effective January 1, 2015. The key factors that contributed to the determination of Mr. Smith's actual total direct compensation levels in 2015 included: successful transition into his new role; the record financial performance by Keyera in all its business lines; the successful execution of Keyera's risk management program in the Marketing business, which protected Keyera from the significant drop in and sustained low commodity prices in 2015; Keyera's relatively strong share price performance; the execution of key strategic business initiatives; completion of several growth projects and continued execution of various other projects; the successful negotiation of additional commercial diluent handling and infrastructure agreements to support the growth of Keyera's oil sands services business (See "Compensation Discussion and Analysis – Performance Analysis"); a strong investor relations and outreach program; the initiation of Keyera's enterprise risk assessment program; and the strong interpersonal skills demonstrated by Mr. Smith on a consistent basis. Mr. Smith's pay mix in 2015 was consistent with the pay mix pattern for other NEOs (other than the Executive Chair position which is not eligible for STIP), and reflects Keyera's pay for performance philosophy. Consistent with prior years and Keyera's overall approach to NEO compensation, Mr. Smith's actual total direct compensation in 2015 was weighted toward variable incentive compensation. The shift in pay mix between total compensation based on LTIP grant value and total compensation based on actual realized value aligns with Keyera's very strong performance over the last three years.

The following graphs illustrate the total direct compensation pay mix for Mr. Smith on the basis of:

(1) Graph 1: actual 2015 base salary, STIP earned for the 2015 performance year and grant date value of the 2015 LTIP Awards (all as presented in the Summary Compensation Table under "Compensation of the Named Executive Officers"); and

(2) Graph 2: actual 2015 base salary, STIP earned for the 2015 performance year (as presented in the Summary Compensation Table under "Compensation of the Named Executive Officers") and the value of LTIP Awards settled in 2015 (as presented in the Share Based Awards: Value Delivered During the Year table under the heading "Compensation of the Named Executive Officers - Incentive Plan Awards").





Pension and Benefits

In keeping with the principles of transparency and simplicity, Keyera does not offer an extensive range of pension and benefit options. For the most part, except as described in this Information Circular, Keyera's executive officers participate in the same pension and benefit programs as other Keyera employees. Keyera's pension plan is a defined contribution pension plan. Keyera does not offer a defined benefit pension plan to any of its employees, including the NEOs.

Keyera makes pension contributions on behalf of all employees, including the NEOs, based on a combination of age plus years of credited service. The contributions made on an employee's behalf into his or her choice of investment options are accumulated with investment earnings to provide a fund to be used at retirement to secure a monthly pension for the employee. The contribution rates are as follows:

Age plus years of credited service	Percentage of Base Earnings
Less than 45 years	6% of base earnings
45 or more but less than 55	8% of base earnings
55 or more	10% of base earnings

As a general rule, Keyera does not recognize extra years of credited service in the context of its pension benefits except in specific circumstances, including in the context of acquisitions in order to retain or attract key employees involved in the acquired entity or assets.

In accordance with applicable laws, each year there is a maximum amount that can be contributed by or on behalf of any individual into a registered pension plan (the "**Contribution Limit**"). Because the pension contribution that Keyera makes on behalf of its executive officers is based on a percentage of earnings, the pension contribution amounts calculated in accordance with the formulas identified above may exceed the Contribution Limit. When this situation arises, Keyera pays the excess pension amount, subject to tax withholdings, to the affected officer in cash along with their regular pay each month. The maximum amount that could be contributed to a registered pension plan in 2015 was $25,370. Actual pension contributions and excess pension amounts for each NEO are discussed further under "Compensation of the Named Executive Officers – Pension Benefits".

In addition to participating in benefits programs that are generally available to all employees, the executive officers are eligible for certain other benefits including additional life insurance, a perquisite allowance and an executive medical program.

Employment Contracts

Each NEO has an employment agreement with Keyera. These agreements outline base salary, benefits, and participation in the STIP and LTIP. They also set out the consequences of termination of employment in various scenarios. All of the employment agreements are for an indefinite term which reflects Keyera's expectations with respect to the long term commitment of the executive officers to the organization.

The employment agreements for all NEOs contain a "double-trigger" change of control clause. These agreements provide that if there is a change of control (excluding an internal reorganization) and the officer has good reason (defined as termination without cause or constructive dismissal which includes: a material decrease in the title, position, reporting relationship, responsibilities or powers of the executive, a requirement to relocate to another city, province or country, any material reduction in the value of the executive's benefits, salary, plans and programs, or a failure by Keyera to pay when due any material amount payable under the agreement), the officer is entitled to treat the employment relationship as terminated upon serving 30-days-notice and would be entitled to termination payments. Effective January 1, 2015, with the change in Mr. Bertram's role from Chief Executive Officer to Executive Chair, his employment agreement was amended. The most significant changes to Mr. Bertram's agreement included: replacement of the single-trigger change of control with a "double-trigger", removing eligibility to participate in the STIP and reducing his termination payments in the event of a termination without cause or a change of control to be aligned with the other NEOs. The incremental consideration paid to Mr. Bertram in connection with these changes was $50,000. See "Compensation of the Executive Officers – Termination and Change of Control Benefits" for illustrative examples of the termination payments payable to each NEO in various termination scenarios. The double trigger change of control provision of the employment agreements does not apply to LTIP Awards. LTIP Awards are governed by the LTIP plan text. Refer to the "Termination and Change of Control Benefits" section of this Information Circular for a detailed discussion of termination and change of control payments.

In accordance with the employment agreements, each NEO has agreed that, in the event of termination for any reason, he will observe certain non-solicitation and non-disclosure obligations and will refrain from influencing or attempting to influence the management, Board of Directors or policies of Keyera for a period of 18 months following the date of termination.

Share Ownership Guidelines for Officers

Keyera has share ownership guidelines for its executive officers. The intent of the guidelines is to reinforce the alignment of the interests of the executive officers with the interests of the shareholders. The Compensation and Governance Committee reviews these guidelines annually. Officers are given five years from the date of their appointment as officers to comply with the share ownership guidelines after which time they are expected to maintain compliance for the duration of their employment as an executive officer. All of the NEOs meet the ownership guidelines. The following table sets forth the share ownership guidelines and share holdings of the NEOs.

Named Executive Officer[1]	Minimum Share Ownership Requirement	Number of Shares Beneficially Owned or Controlled as of March 1, 2016	Total Value of Shares as of March 1, 2016[2]	Value of Shares as of March 1, 2016 as a Multiple of Annual Base Salary[3]
James Bertram Executive Chair	3 x base salary	797,842	30,238,211	60.5 times
David Smith President and Chief Executive Officer	3 x base salary	468,783	17,766,875	35.5 times
Steven Kroeker Senior Vice President, Chief Financial Officer	2 x base salary	79,080	2,997,132	8.3 times

Named Executive Officer[(1)]	Minimum Share Ownership Requirement	Number of Shares Beneficially Owned or Controlled as of March 1, 2016	Total Value of Shares as of March 1, 2016[(2)]	Value of Shares as of March 1, 2016 as a Multiple of Annual Base Salary[(3)]
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	2 x base salary	136,113	5,158,683	14.3 times
Dean Setoguchi Senior Vice President, Liquids Business Unit	2 x base salary	146,326	5,545,755	15.4 times

Notes:

(1) Messrs. Bertram and Smith have been officers of Keyera since March 28, 2003. Effective January 1, 2015, Mr. Bertram was appointed Executive Chair and Mr. Smith was appointed President and Chief Executive Officer. Mr. Lock has been an officer of Keyera since July 2, 2004, and a Senior Vice President since June 6, 2011. Mr. Kroeker has been an officer of Keyera since June 20, 2006, Vice President, Chief Financial Officer since November 7, 2012 and Senior Vice President, Chief Financial Officer since February 3, 2015. Dean Setoguchi has been an officer and Senior Vice President of Keyera since April 3, 2014.

(2) Value based on the closing price of shares on March 1, 2016 which was $37.90 per share.

(3) Multiple calculated by dividing the total value of shares as of March 1, 2016 by the base salary paid to each NEO in 2015 as identified in the compensation table under the heading "Compensation of the Named Executive Officers – Summary Compensation Table", rounded to the nearest whole number.

Hedging Guidelines

The Board of Directors has adopted a guideline to the effect that directors and officers of Keyera are generally not permitted to buy, sell or enter into:

(a) any derivative instruments, agreements or securities, the market price, value or payment obligations of which are derived from, referenced to or based on the value of securities of Keyera; or

(b) any other derivative instruments, agreements, arrangements or understandings (commonly known as equity monetization transactions) the effect of which is to alter, directly or indirectly, the director's or officer's economic interest in securities of Keyera, or the director's or officer's economic exposure to Keyera.

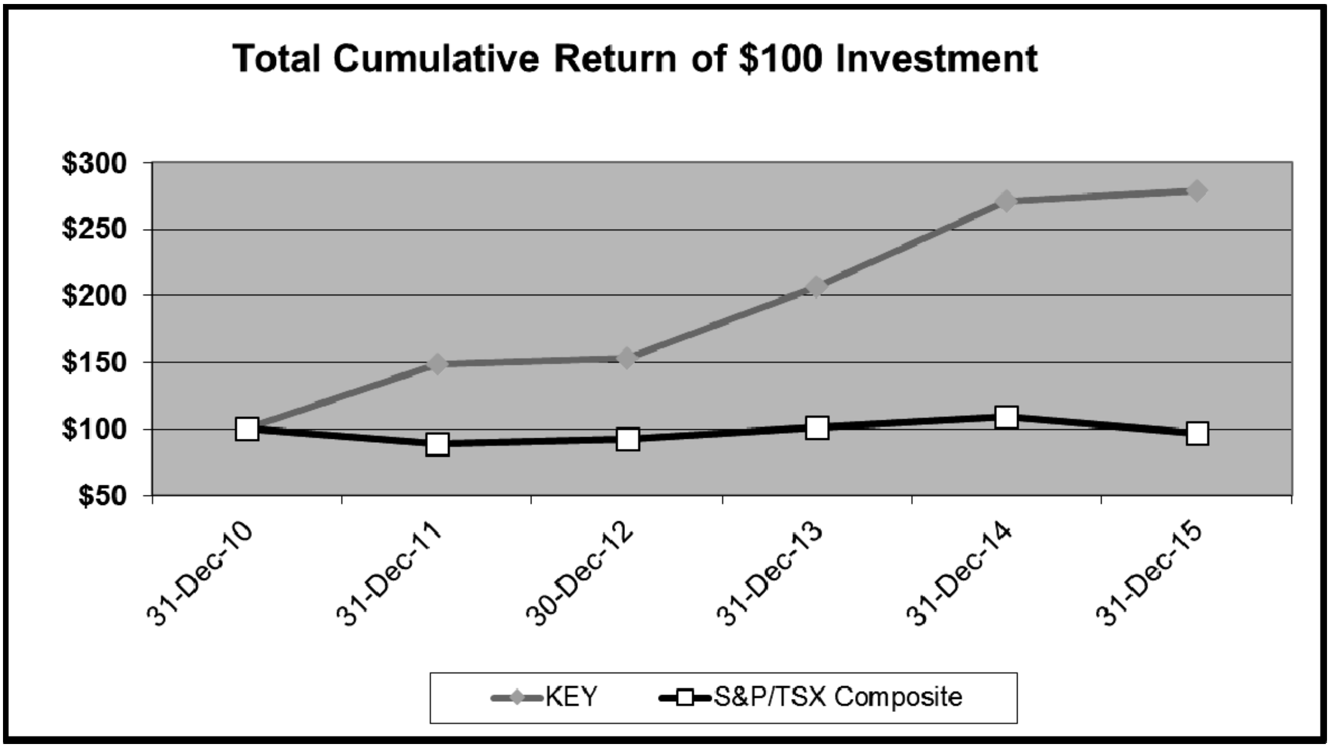
Any exception to this guideline must be approved by the Compensation and Governance Committee. In the event an exception is granted, the director or officer is required to comply with Keyera's Insider Trading Policy and related Insider Trading Procedures, as well as applicable laws in respect of insider trading.

Clawback Policy

Starting in 2016, Keyera has adopted a clawback policy. This policy provides that, in the event Keyera is required to materially restate all or a portion of its financial statements due to fraud, gross negligence or intentional misconduct of the Chief Executive Officer, the Board, on the advice of the Compensation and Governance Committee, may seek to recover or cancel incentive compensation paid or granted to the Chief Executive Officer to the extent that such incentive compensation would have been a materially lower amount had it been calculated based on the restated financial statements. The Board and the Compensation and Governance Committee will exercise sound business judgment and consider all relevant factors in determining appropriate recourse, including whether pursuing recovery is appropriate in the circumstances and, if so, the appropriate amount for which such recovery would be sought.

Performance Graph

The following graph compares the total cumulative return, including dividends, to shareholders for $100 invested in shares with the total cumulative return, including dividends, of the S&P/TSX Composite Index for the period from December 31, 2010 through December 31, 2015. On December 31, 2015, which was the last trading day in 2015, the closing price of the shares on the TSX was $40.26. The shares are listed on the TSX under the symbol KEY.



	31-Dec-10	31-Dec-11	30-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15
KEY	$100	$149	$153	$207	$271	$279
S&P/TSX Composite	$100	$89	$92	$101	$109	$97

Performance Analysis

The Board of Directors and Compensation and Governance Committee are of the view that Keyera's management, including each of the NEOs, have delivered excellent value to shareholders in 2015. As evidenced by the Performance Graph above, Keyera's shares significantly outperformed the TSX Composite Index. As well, in 2015, Keyera's shares significantly outperformed all peers in its LTIP peer group. In addition, Keyera made some very notable strides in the execution of its strategic business plan and delivered record performance in all business segments. These results were particularly notable in light of the challenges faced by the Canadian oil and gas industry in 2015, including low commodity prices, shifts in supply-demand fundamentals, transportation egress constraints (including curtailments on certain existing third party sales gas pipelines) and weak drilling activity. The following table highlights certain achievements in six performance categories.

Performance Category	Examples of Performance Measures	Highlights of Results Achieved in 2015
Financial Performance	• Earnings • Distributable cash flow • EBITDA • Total shareholder return • Dividends	• Annual net earnings of $202 million • Annual net earnings per share of $1.19 per share, representing 12% and 13% compound annual growth rates for three and five years • Annual distributable cash flow(1) of $482 million, 24% higher than 2014 • Annual distributable cash flow per share(1) of $2.84, 20% higher than 2014 and representing a 14% compound annual growth rate since going public in 2003 • Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)(1) of $705 million, 33% higher than 2014 • Total annual shareholder return(1) in 2015 was approximately 3%, for a three year total shareholder return of 22% per annum and a five year total shareholder return of 23% per annum • Two dividend increases, bringing monthly dividends up to $0.125 per share, a 16% increase compared to 2014 • Dividends declared in 2015 were $241 million or $1.42 per share, resulting in a payout ratio(1) of 50% • Reinstated the Premium Dividend™ component of the Premium Dividend™ and Dividend Reinvestment Plan at a 3% discount effective with the May 2015 dividend • Comfortably met all debt covenants
Operational Excellence	• Throughput/Volumes • Safety • Costs • Environment • Compliance	• Increased overall throughput at Gathering and Processing facilities by approximately 5% to 1.5 billion cubic feet per day • Increased volumes through the Edmonton/Fort Saskatchewan pipelines and facilities • Continued high utilization at Alberta EnviroFuels facility • Completed or advanced all 2015 Health and Safety goals and objectives • Successfully completed turnarounds at four facilities • Successfully executed its 2015 Liability Management Program, expenditures of approximately $8 million generating asset retirement obligation reductions of over $9 million • Increased its Carbon Disclosure Project score for disclosure to 92/100, above the industry average
Generating Growth Opportunities	• Internal growth • Acquisitions • Capital expenditures	• Growth capital investment (excluding acquisitions) of approximately $641 million • Successful completion, commissioning and transition to operations for multiple capital projects, including: the de-ethanizer addition at Keyera Fort Saskatchewan; the Josephburg Terminal; the Rimbey turbo expansion, fractionation debottlenecking and NGL truck offload expansion projects; the Twin Rivers Pipeline; the Alder Flats Gas Plant; the Zeta Creek Gas Plant; the Wilson Creek Pipeline extension; and the Simonette expansion and condensate stabilization addition • Advanced work on several key projects, including: the fractionation expansion project and cavern development program at Keyera Fort Saskatchewan; the solvent facility expansion at the South Cheecham Terminal; the storage expansion and pump station additions at Edmonton Terminal; the Base Line Terminal Project; and the Norlite diluent pipeline project;

Performance Category	Examples of Performance Measures	Highlights of Results Achieved in 2015
		• Successfully negotiated several significant diluent handling agreements, an arrangement to acquire a 50% interest in the South Grand Rapids diluent pipeline; and purchase and lease arrangements for an existing pipeline owned by Praxair in the Edmonton/Fort Saskatchewan area • Expanded iso-octane markets • Acquired lands in the Edmonton/Fort Saskatchewan area for future development; an incremental 0.9% interest in the Rimbey Gas Plant; and an incremental 8% interest in the Cynthia gas plant
Financial Stability	• Liquidity • Cash flow • Investor confidence	• Increased Keyera's unsecured revolving term credit facility to $1.5 billion and extended the term to 2020 • Maintained a prudent payout ratio of 50%(1) • Conservative capital structure, well within all debt covenants • Completed a 2-for-1 share split in April 2015
Risk Management	• Financial risk mitigation • Operational risk mitigation	• Maintained a conservative hedging strategy • Successfully executed Keyera's financial risk management program, mitigating inventory and price risk associated with various products, even in the face of the declining commodity prices • Utilized physical assets to help mitigate inventory risk
Strong Leadership Team and Business Model	• Building relationships in the Community • Leadership Development and Succession Planning • Corporate governance and reputation • Employee engagement	• Recognized as one of Alberta's "Top 70 Employers" and named a Platinum Level Top Canadian Employer by Aon Hewitt • Continued to execute a consistent flexible business strategy • Executed succession planning and leadership development initiatives • Supported the second year of the Keyera Employee Network; expanded new employee orientation programs; and continued to expand the Keyera mentorship program • Continued to expand Keyera's community investment program, including sponsorship with community organizations, including the Eagle Point-Blue Rapids Park Foundation, the Fort Saskatchewan Community Hospital, the Rimbey Community Centre, STARS and the Calgary Parks Foundation

Note:

(1) Adjusted EBITDA, distributable cash flow, total shareholder return and payout ratio are not standard measures under GAAP. (See "Other Matters - Disclaimer: Presentation of Financial Information.")

In light of Keyera's record financial and operational performance, combined with the growth projects, risk management strategies and leadership initiatives that were undertaken in 2015, all taken in the context of the challenging overall economic environment, the Compensation and Governance Committee and the Board of Directors were of the view that the actual total direct compensation for NEOs was appropriate.

Mitigating Compensation Risk

Keyera's compensation programs are founded on principles that support the management and mitigation of risk, while recognizing that some level of risk taking is necessary to achieve outcomes that are in shareholders' best interests. Over the past year, the Board and its Committees have continued to focus on risk management and to strengthen the alignment of Keyera's compensation and governance practices with its approach to risk mitigation.

- Compensation plans incorporate elements of discretion for the Board thereby permitting risk adjustments to be made so that payouts are not overly influenced by an unusual result in a given area.

- The Audit Committee oversees the financial risks associated with Keyera's business, the Health, Safety and Environment Committee is responsible for overseeing operational and business risks and the Compensation and Governance Committee oversees talent management and compensation risk matters. The risk oversight and analysis carried out by each committee informs compensation decisions.
- Weighting toward long-term incentives mitigates the risk of encouraging short-term goals at the expense of the long-term sustainability and profitability of Keyera. Further, executive officers only receive Performance Awards under the LTIP which have three year performance periods, which aligns with the risk horizon of many of Keyera's major projects.
- The nature of the primary financial measures used to calculate incentive compensation (distributable cash flow per share) is also a measure of Keyera's ability to pay. Compensation to executive officers is a small percentage of both revenue and distributable cash flow.
- Guidelines with respect to maximum bonuses or grants (as a percentage of base salary) have been established for both the STIP and the LTIP.
- The STIP and LTIP have maximum performance multipliers of two times.
- The Compensation and Governance Committee receives regular updates on the status of expected payout multipliers under the LTIP to understand (i) the potential value of outstanding LTIP Awards in light of potential future performance, and (ii) the effectiveness of the LTIP.
- Regular independent comparative reviews of Keyera's incentive plans and corresponding targets and milestones help to ensure continued relevance and applicability.
- Regular assessments of pay mix for executive officers ensures there is appropriate alignment between pay-at-risk based on incentive compensation plan targets and base pay.
- Keyera's compensation philosophy is based on maintaining a common structure for employees, including the executive officers. This means that the compensation across all business units is the same and all executive officers participate in the same compensation plans as all other employees.
- Anti-hedging guidelines, together with Keyera's Insider Trading Policy and Procedures, ensure continued alignment of executives' incentives with shareholder objectives.
- A clawback policy has been adopted to establish a framework for recovery of incentive compensation inappropriately granted or paid to the Chief Executive Officer in the event of a material restatement of Keyera's financial statements due to fraud, gross negligence or intentional misconduct of the Chief Executive Officer.

COMPENSATION OF THE NAMED EXECUTIVE OFFICERS

Summary Compensation Table

The following table provides a summary of compensation information for the executive officers for the most recently completed three years. All compensation values are expressed in Canadian dollars and are derived from compensation plans and programs that are described in detail in the balance of this section and under the section entitled "Compensation Discussion and Analysis".

Name and Position	Year	Salary[1] ($)	Equity Incentive Plan Compensation: Share-Based Awards[2] ($)	Equity Incentive Plan Compensation: Option-Based Awards ($)	Non-Equity Incentive Plan Compensation: Annual Incentive Plans[3] ($)	Non-Equity Incentive Plan Compensation: Long-Term Incentive Plans ($)	Pension Value[4] ($)	All Other Compen-sation[5] ($)	Total Compen-sation ($)
James Bertram[6] Executive Chair	2015	500,000	1,537,347	NIL	Nil	Nil	49,992	73,610	2,160,949
	2014	572,000	1,957,500	Nil	800,800	Nil	57,192	N/A	3,387,492
	2013	550,000	1,252,382	Nil	577,500	Nil	52,788	N/A	2,432,670
David Smith[7] President and Chief Executive Officer	2015	500,000	1,742,289	Nil	533,750	Nil	49,992	N/A	2,826,032
	2014	423,830	1,566,000	Nil	585,946	Nil	42,384	N/A	2,618,160
	2013	378,420	1,060,263	Nil	410,586	Nil	37,848	N/A	1,887,117
Steven Kroeker[8] Senior Vice President, Chief Financial Officer	2015	360,000	773,809	Nil	304,920	Nil	31,200	N/A	1,469,929
	2014	337,716	736,020	Nil	362,200	Nil	27,024	N/A	1,462,960
	2013	286,200	392,904	Nil	245,560	Nil	22,743	N/A	947,407
Bradley Lock[9] Senior Vice President, Gathering and Processing Business Unit	2015	360,000	810,689	Nil	300,960	Nil	36,000	N/A	1,507,649
	2014	340,953	814,320	Nil	375,049	Nil	38,730	N/A	1,569,052
	2013	288,943	416,016	Nil	247,913	Nil	28,896	N/A	981,768
Dean Setoguchi[10] Senior Vice President, Liquids Business Unit	2015	360,000	773,809	Nil	302,940	Nil	28,800	N/A	1,465,549
	2014	252,424	1,152,036	Nil	272,738	Nil	20,243	N/A	1,697,441
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Amounts shown are paid in cash as base salary to each NEO. There is no non-cash component to the base salary of any of the NEOs. Effective January 1, 2015, in connection with the change in Mr. Bertram's role to Executive Chair, his salary has been reduced to $500,000.

(2) The effective date of the 2015 grants under the LTIP was July 1, 2015. The dollar amount disclosed for the 2015 grants is based on a share price of $42.44, which was the share closing price on July 2, 2015, the first trading day after the effective date of the awards. The effective date of the 2014 grants under the LTIP was July 1, 2014. The dollar amount disclosed for the 2014 grants is based on a share price of $39.15 which was the share closing price on July 2, 2014, the first trading day after the effective date of the awards after adjusting for the share split. The effective date of the 2013 grants under the LTIP was July 1, 2013. The dollar amount disclosed for the 2013 grants is based on a share price of $28.89, which was the share closing price on July 2, 2013, the first trading day after the effective date of the awards, after adjusting for the share split. As of December 31, 2015, the share closing price was $40.26. All share prices have been adjusted to reflect the two-for-one share split completed in April 2015.

(3) The amounts reported for each fiscal year are for performance in that fiscal year but are paid to the NEOs in the first quarter of the following year. For a further discussion see "Compensation Discussion and Analysis – STIP". Keyera does not have any non-equity long term incentive plans.

(4) All NEOs participate in Keyera's defined contribution pension plan on the same terms as all other salaried Keyera employees participate.

(5) None of the NEOs received perquisites or other compensation that, in the aggregate, were worth $50,000 or more or which were worth 10% or more of their total base salary in 2013, 2014 or 2015, except Mr. Bertram who received a one-time consideration payment of $50,000 in consideration of the amendments to his executive employment agreement when he transitioned from Chief Executive Officer to Executive Chair As discussed in the section titled "Employment Contracts", the amendments to Mr. Bertram's employment contract included removing his eligibility for STIP and amending the change of control provisions to a double trigger from a single trigger.

(6) Mr. Bertram was appointed Executive Chair effective January 1, 2015; prior thereto he held the position of Chief Executive Officer.

(7) Mr. Smith was appointed President and Chief Executive Officer effective January 1, 2015; prior thereto he held the position of President and Chief Operating Officer.

(8) Mr. Kroeker was appointed Senior Vice President, Chief Financial Officer in February 2015; prior thereto he held the position of Vice President, Chief Financial Officer.
(9) Mr. Lock was appointed Senior Vice President, Gathering and Processing Business Unit in July 2013. He was Senior Vice President, Liquids Business Unit prior thereto.
(10) Mr. Setoguchi rejoined Keyera on April 3, 2014 as Senior Vice President, Liquids Business Unit at which time he was granted 7,200 Performance Awards which vest in 2016. The total value of share based awards reported for 2014 therefore includes the grant of 7,200 Performance Awards which were granted in April 2014, as well as 9,400 Performance Awards granted in July 2014 as part of the regular grant cycle which vest in 2017. His 2014 annualized base salary was $340,000.

Incentive Plan Awards

Keyera has two incentive compensation plans in place: STIP and LTIP. (See "Compensation Discussion and Analysis – Short Term Incentive Plan" and "Compensation Discussion and Analysis – Long Term Incentive Plan"). Keyera does not have an option plan and does not grant stock options to its directors, officers or employees. The following table sets forth the total number of unvested LTIP Awards granted to each NEO, along with the value of those awards.

Name and Position	Share Based Awards - Number of LTIP Awards that have not Vested(1)	Share Based Awards – Market or Payout Value of LTIP Awards that have not Vested(2)	Share Based Awards – Market or Payout Value of Vested LTIP Awards not Paid Out or Distributed(3)
James Bertram Executive Chair	129,574	5,841,249	Nil
David Smith President and Chief Executive Officer	117,753	5,310,634	Nil
Steven Kroeker Senior Vice President, Chief Financial Officer	50,633	2,283,667	Nil
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	54,302	2,449,015	Nil
Dean Setoguchi Senior Vice President, Liquids Business Unit	51,433	2,319,676	Nil

Notes:
(1) The only share-based awards granted under Keyera's compensation plans are LTIP Awards. All LTIP Awards granted to the NEOs are Performance Awards. The number of shares (or cash equivalent) that will actually be delivered at the end of the performance period will be adjusted in accordance with the terms of the LTIP. The number of LTIP Awards granted in 2015 is outlined under the heading "Compensation Discussion and Analysis – Determination of LTIP Awards."
(2) The value of the LTIP Awards has been calculated assuming a share price of $40.26 (which was the closing price of Keyera shares on December 31, 2015), a target payout multiplier of 1x and an adjustment ratio based on Keyera's dividend as of March 2016 of $0.125 per share per month being maintained through to the time of settlement. The actual value of the LTIP Awards at the time of settlement will be subject to adjustments in accordance with the terms of the LTIP. See "Compensation Discussion and Analysis – Long Term Incentive Plan."
(3) LTIP Awards do not "vest" until the delivery date when they are settled. See "Compensation Discussion and Analysis – Long Term Incentive Plan."

The following table sets out the value of LTIP Awards granted to NEOs that were settled during 2015, along with the value of the STIP awards that were earned for 2015.

Name and Position[(1)]	Share Based Awards – Value Delivered During the Year	Non-Equity Incentive Plan Compensation – Value Earned during the Year[(2)]
James Bertram Executive Chair	$3,544,990	Nil
David Smith President and Chief Executive Officer	$2,757,273	$533,750
Steven Kroeker Senior Vice President, Chief Financial Officer	$1,575,610	$304,920
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	$1,674,074	$300,960
Dean Setoguchi Senior Vice President, Liquids Business Unit	N/A	$302,940

Notes:

(1) Effective January 1, 2015, Mr. Bertram was appointed Executive Chair and Mr. Smith was appointed President and Chief Executive Officer. Mr. Kroeker was appointed as Vice President, Chief Financial Officer in November 2012 and Senior Vice President, Chief Financial Officer on February 3, 2015; prior thereto he held the position of Vice President, Corporate Development. Mr. Lock was Senior Vice President, Liquids Business Unit until July 1, 2013, at which time he was appointed Senior Vice President, Gathering and Processing Business Unit. Mr. Setoguchi was appointed Senior Vice President, Liquids Business Unit in April 2014.

(2) Keyera's only non-equity incentive plan is the STIP. The amounts shown in this column reflect the STIP awards that were earned for 2015 performance, but which were paid to the NEOs in cash in the first quarter of 2016.

Pension Benefits

NEOs participate in Keyera's defined contribution pension plan. The following table sets out the pension values and the contributions made by Keyera on behalf of each NEO.

Name and Position[(1)]	Accumulated value at start of year ($)	Compensatory[(2)] ($)	Accumulated value at year end ($)
James Bertram Executive Chair	652,172	49,992	795,379
David Smith President and Chief Executive Officer	641,384	49,992	675,629
Steven Kroeker Senior Vice President, Chief Financial Officer	175,478	31,200	211,184
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	328,396	36,000	370,775
Dean Setoguchi Senior Vice President, Liquids Business Unit	21,111	28,800	50,042

Notes:

(1) Effective January 1, 2015, Mr. Bertram was appointed Executive Chair and Mr. Smith was appointed President and Chief Executive Officer. Mr. Kroeker was appointed as Vice President, Chief Financial Officer in November 2012 and Senior Vice President, Chief Financial Officer in February 2015; prior thereto he held the position of Vice President, Corporate Development. Mr. Lock was Senior Vice President, Liquids Business Unit until July 1, 2013, at which time he was appointed Senior Vice President, Gathering and Processing Business Unit. Mr. Setoguchi was appointed Senior Vice President, Liquids Business Unit in April 2014.

(2) The amounts reported in this column include the pension contribution that Keyera makes on behalf of each NEO plus any excess pension contribution amount. All of the NEOs reached the Contribution Limit before the end of the year. Therefore, the excess amount was paid to these NEOs in cash, subject to tax withholdings. There were no above-market or preferential earnings.

All full time employees participate in the pension plan. Plan participants have a choice as to how the contributions made by Keyera on their behalf will be invested. The normal retirement date under the plan is the first day of the month coincident with the plan participant's 65th birthday. If a plan participant has reached the age of 55 and completed 24 months of continuous service he or she may elect to retire and have pension payments commence at any time before the normal retirement date. Payments must commence by the end of the calendar year of the participant's 69th birthday. For employees who were employed by Keyera's predecessor organizations, and have continued uninterrupted employment with Keyera, the years of service include the years of service with the predecessor organizations. The following table outlines the pension plan service dates for each NEO.

Name and Position[1]	Pension Plan Service Date[2]
James Bertram Executive Chair	May 29, 1996
David Smith President and Chief Executive Officer	September 2, 1991
Steven Kroeker Senior Vice President, Chief Financial Officer	June 20, 2006
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	June 15, 1987
Dean Setoguchi Senior Vice President, Liquids Business Unit	April 3, 2014

Notes:

(1) Effective January 1, 2015 Mr. Bertram was appointed Executive Chair and Mr. Smith was appointed President and Chief Executive Officer. Effective February 3, 2015, Mr. Kroeker was appointed Senior Vice President, Chief Financial Officer. Messrs. Bertram, Smith, Kroeker and Lock have held various positions within Keyera since the pension plan service date.

(2) Messrs. Bertram, Smith and Lock all have been recognized for their years of service with Keyera's predecessor organizations. The service dates for Messrs. Bertram and Smith include their years of service with the following predecessor organizations: Gulf Canada Resources Limited, Gulf Midsteam Services and KeySpan Energy Canada Partnership. Mr. Lock's service date reflects his years of service with EnerPro Midstream Company which was acquired by Keyera in June 2004.

Insurance and Indemnification of Directors and Officers

The directors and officers of Keyera and its affiliates are covered under directors' and officers' insurance policies. In addition, each director and officer of Keyera is indemnified in accordance with Keyera's bylaws and there are formal indemnification agreements in place between Keyera and each director and officer. Pursuant to these indemnification agreements, each director and officer is indemnified against liability and costs in respect of any action or suit against him or her in connection with the execution of his or her duties of office, subject to certain usual limitations.

Termination and Change of Control Benefits

The executive employment agreements between Keyera and each NEO set out the consequences associated with the termination of employment in various scenarios, including termination due to incapacity for a period of more than twelve consecutive months; termination upon death; termination for cause; termination without cause and change of control. The agreements contemplate that LTIP Awards will be settled in accordance with the terms of the LTIP.

The following discussion summarizes how termination payments payable to NEOs would be calculated in various termination scenarios. Also included are illustrative calculations of the termination payments in these scenarios based on the following assumptions:

- For all NEOs the termination event occurred on December 31, 2015.
- Where applicable, "other benefits" are calculated based on an amount equal to the annual cost for a club membership, parking, executive life insurance (as applicable) and other perquisites historically paid to each NEO multiplied by 2 years. In addition, there is a flat amount of $20,000 allocated per officer for career transition which may be applied to counselling or retraining services or, at the election of the NEO, paid out in cash.
- Where applicable, and unless otherwise indicated, the calculations of LTIP payout amounts have been completed using a share price of $40.26 (which was the closing price of shares on December 31, 2015), a payout multiplier based on performance during the applicable period and an adjustment ratio based on actual dividends paid during the applicable period. In all cases, the settlement of LTIP Awards may, at the discretion of the Compensation and Governance Committee, be by delivery of shares or a cash settlement amount in lieu of shares.

The calculations are for illustrative purposes only. The actual amounts that any NEO would receive upon termination of employment can only be determined at the time he leaves the employment of Keyera. There are many factors that could affect the nature and amount of any benefits provided and as a result, actual amounts may be higher or lower than what is reported. Among the factors that could affect the actual amount that would be paid include: actual timing of termination, share price and the NEO's age and years of service.

As discussed in the Compensation Discussion and Analysis, in accordance with the employment agreements, each NEO has agreed that, in the event of termination for any reason, he will observe certain non-solicitation and non-disclosure obligations and will refrain from influencing or attempting to influence the management, Board of Directors or policies of Keyera for a period of 18 months following the date of termination.

Voluntary Resignation

In the case of a voluntary resignation, the executive officer would not be entitled to any severance or termination payments under the employment agreements. Further, the right to settlement of LTIP Awards which may have otherwise been settled after resignation is forfeited.

Retirement

In the event of retirement, the employment agreements do not entitle the executive officer to any incremental salary. Under the STIP, an executive officer is eligible for a bonus payment for the performance year (January – December) in which he or she retires provided that: he or she is at least 55 years of age at the time of retirement, has worked at least three months in the performance year and provides at least three months written notice of retirement. The STIP bonus payment is paid in the normal STIP payment cycle (i.e. in the February following the performance year) and would be pro-rated in accordance with the time worked in the performance year. Under the LTIP, in the event of retirement on the executive officer's normal retirement date (as defined in the LTIP), the right to settlement of LTIP Awards which would have been otherwise settled after the date of retirement under existing LTIP Awards continues unaffected. If the executive retires in accordance with early retirement provisions of a pension plan sponsored by Keyera, the right to and manner of settlement of LTIP Awards is determined by the Compensation and Governance Committee in its discretion. The following are illustrative calculations of the termination payments in the event of the retirement of the executive under the employment agreements and the LTIP:

Retirement	Bertram ($)	Smith ($)	Kroeker ($)	Lock ($)	Setoguchi ($)
Salary/Severance	0	0	0	0	0
STIP	N/A	533,750	304,920	300,960	302,940
Other Benefits	0	0	0	0	0
LTIP(1)	5,841,249	5,310,634	2,283,667	2,449,015	2,319,676
TOTAL AMOUNT PAYABLE	5,841,249	5,844,385	2,588,587	2,749,975	2,622,616

Notes:

(1) The LTIP payments under this retirement scenario are not paid out in a lump sum, rather satisfaction of any outstanding LTIP Awards continues to be made on the normal delivery dates as if the NEO continued to be employed. The LTIP values illustrated in this scenario are based on the following assumptions: (i) a constant share price of $40.26 throughout the performance periods which is the closing price of the shares on December 31, 2015; (ii) that current dividends, as of the March 2016 dividend, of $0.125 per share are maintained through the time of settlement of the Performance Awards for the purposes of the adjustment ratio; (iii) an estimated payout multiplier at target (i.e. a 1 times multiple); and (iv) that retirement occurs at normal retirement age.

Death

In the event of the death of the executive, the executive's estate would be entitled to be paid any base salary earned up to the date of death. At the discretion of the Compensation and Governance Committee, an STIP bonus could be paid in respect of the period of time during the performance year that the executive officer was employed. In addition, the delivery date for all outstanding LTIP Awards would be accelerated to the date of death and payable to the executive's estate as soon as practical following the date of death. The following are illustrative calculations of the termination payments in the event of the death of the executive under the employment agreements and the LTIP:

Death	Bertram ($)	Smith ($)	Kroeker ($)	Lock ($)	Setoguchi ($)
Salary/Severance[(1)]	0	0	0	0	0
STIP[(2)]	N/A	533,750	304,920	300,960	302,940
Other Benefits	0	0	0	0	0
LTIP	9,966,949	8,794,577	3,756,400	4,042,141	3,826,653
TOTAL PAYOUT	9,966,949	9,328,327	4,061,320	4,343,101	4,129,593

Notes:

(1) Assumes that the salary for the last pay period had already been paid on December 31, 2015 prior to the death.

(2) The STIP payments in this scenario assume that the Compensation and Governance Committee exercised its discretion to pay the bonus for the 2015 performance.

Termination for Cause

Keyera has the ability to terminate an executive for cause as defined at common law. In such an event, the executive would not be entitled to severance or any other termination payments under the employment agreements or the LTIP.

Termination Without Cause

Under the executive employment agreements, termination without cause is defined as termination for any reason other than cause, including: a material decrease in the title, position, reporting relationship, responsibility or powers of the executive; a requirement to relocate to another city, province or country; a material reduction in the value of the executive's benefits, salary, plans and programs; or a failure by Keyera to pay when due a material amount payable to the executive under the agreement. The following are illustrative calculations of the termination payments in the event of termination without cause under the employment agreements and the LTIP:

Termination Without Cause	Bertram ($)	Smith ($)	Kroeker ($)	Lock ($)	Setoguchi ($)
Salary/Severance[(1)]	1,000,000	1,000,000	720,000	840,000	720,000
STIP[(2)]	N/A	1,171,891	724,401	750,097	545,477
Other Benefits[(3)]	67,219	65,906	61,036	72,992	64,509
LTIP[(4)]	7,269,564	6,207,562	2,578,243	2,776,701	2,648,497
TOTAL PAYOUT	8,336,783	8,445,359	4,083,680	4,439,790	3,978,482

Notes:

(1) Basic severance for Messrs. Bertram and Setoguchi is based on 24 months base salary. Basic severance for Messrs. Smith, Kroeker and Lock is based on one month base salary for every year of service subject to a minimum of 24 months and a maximum of 30 months.

(2) The STIP component of the termination payment is based on two times the greater of the target STIP bonus or the most recently paid STIP bonus. In accordance with Mr. Bertram's current employment agreement, he does not participate in the STIP and is not eligible to receive a payment in lieu of the STIP upon termination without cause.

(3) The benefits value for Messrs. Bertram and Setoguchi is based on 24 months of value. The benefits value for Messrs. Smith, Kroeker and Lock is calculated based on one month of benefits value for every year of service, subject to a minimum of 24 months and a maximum 30 months. Included in the benefits is a flat $20,000 allowance for out placement counselling services (or cash in lieu).

(4) The LTIP payment is based on the following: termination prior to the first anniversary of the grant date, 33.33% of the shares; termination after the first anniversary, but prior to the second anniversary of the grant date, 66.66% of the shares; and termination after the second anniversary 100% of the shares.

Change of Control

In each of the employment agreements, in the event of a change of control, the NEO is only entitled to termination payments (related to base salary, STIP and other benefits) if the change of control also results in any one of the following: a material decrease in the title, position, reporting relationship, responsibility or powers of the executive; a requirement to relocate to another city, province or country; a material reduction in the value of the executive's benefits, salary, plans and programs; or a failure by Keyera to pay when due a material amount payable to the executive under the agreement.

With respect to LTIP Awards, the LTIP states that in the event of a change of control transaction, and provided that the executive officer continues to make his services available for 60 days following the date of the change of control, the delivery date for all outstanding LTIP Awards would be accelerated to the earlier of: the next applicable delivery date (as defined in the LTIP) and the date immediately following the expiry of the 60 day period. A change of control transaction under the LTIP means: a transaction or series of transactions involving the sale of all or substantially all of the assets of Keyera or Keyera Partnership; a liquidation, dissolution or winding up of Keyera or Keyera Partnership; an amalgamation, arrangement, merger or other combination in which the shareholders as a group would not immediately thereafter control more than 50% of the voting securities or the directors of Keyera immediately thereafter would not constitute a majority of the directors of the new governing body; a business transaction in which Keyera Partnership is no longer controlled by Keyera; an acquisition by a third party of 50% or more of the outstanding shares of Keyera; the acquisition by a third party of 50% or more of the outstanding interests in Keyera Partnership; election by shareholders of directors, the majority of whom were not nominated by the prior Board of Directors; or a takeover transaction, as defined in the *Securities Act* (Alberta).

The following are illustrative calculations of the termination payments in the event of a change of control under the employment agreements and the LTIP:

Change of Control	Bertram ($)	Smith ($)	Kroeker ($)	Lock ($)	Setoguchi ($)
Salary/Severance[1]	1,000,000	1,000,000	720,000	840,000	720,000
STIP[2]	N/A	1,171,891	724,401	750,097	545,477
Other Benefits[3]	67,219	65,906	61,036	72,992	64,509
LTIP[4]	9,966,949	8,794,577	3,756,400	4,042,141	3,826,653
TOTAL PAYOUT	11,034,168	11,032,374	5,261,837	5,705,230	5,156,639

Notes:

(1) Basic severance for Messrs. Bertram and Setoguchi is based on 24 months base salary. Basic severance for Messrs. Smith, Kroeker and Lock is based on one month base salary for every year of service subject to a minimum of 24 months and a maximum of 30 months.

(2) The STIP component of the termination payment is based on two times the greater of the target STIP bonus or the most recently paid STIP bonus. In accordance with Mr. Bertram's current employment agreement, he does not participate in the STIP and would therefore not be eligible to receive a payment in lieu of the STIP.

(3) The benefits value for Messrs. Bertram and Setoguchi is based on 24 months of value. The benefits value for Messrs. Smith, Kroeker and Lock is calculated based on one month of benefits value for every year of service, subject to a minimum of 24 months and a maximum 30 months. Included in the benefits is the flat $20,000 allowance for out placement counselling services (or cash in lieu).

(4) Settlement of all LTIP Awards is accelerated provided that the executive officer continues to make his services available for 60 days following the date of the change of control.

Incapacity

If the executive officer is incapacitated for a period of more than twelve consecutive months during which time he is unable to perform essential duties of his position, Keyera may terminate the employment agreement on 30 days written notice and the executive would be entitled to all benefits provided under Keyera's disability and pension plans. If the event of termination would impair the executive's ability to receive such benefits, he would be placed on unpaid leave in lieu of termination. The right to settlement of LTIP Awards is unaffected and would continue to be settled on the regular delivery dates associated with each grant.

OTHER MATTERS

Interest of Certain Persons in Matters to be Acted Upon

None of the directors or executive officers of Keyera, or any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting except as otherwise disclosed in this Information Circular.

Interest of Informed Persons in Material Transactions

Except as disclosed in this Information Circular, none of Keyera, any director, nominee for director, or executive officer of Keyera, or any associate or affiliate of any of them, has a material interest in any transaction since January 1, 2015 or in any proposed transaction that has materially affected or would materially affect Keyera or its subsidiaries or their predecessors.

Indebtedness of the Directors and Officers of Keyera

None of the directors or executive officers of Keyera, nor any associate or affiliate of any one of them, is or was indebted, directly or indirectly, to Keyera or its predecessors at any time since January 1, 2015.

Additional Information

Financial information relating to Keyera is provided in the consolidated annual financial statements of Keyera. An overview of Keyera and its business operations is contained in its Annual Information Form. Keyera files its annual information forms, financial statements, management's discussion and analysis, information circulars and press releases with Canadian securities regulatory authorities. Copies of such documents and additional information related to Keyera may be obtained on SEDAR at www.sedar.com, on Keyera's website at www.keyera.com or by contacting the Director, Investor Relations at Keyera at Suite 200, 144 – 4th Avenue S.W., Calgary, Alberta, T2P 3N4 (Toll Free: 1-888-699-4853).

Disclaimer: Presentation of Financial Information

This Information Circular refers to certain financial measures that are not determined in accordance with Generally Acceptable Accounting Principles applicable to publicly traded companies in Canada ("GAAP").

Measures such as, distributable cash flow (cash flow from operating activities adjusted for changes in non-cash working capital, long-term incentive plan costs, inventory write-down and maintenance capital expenditures), total shareholder return (share price appreciation and dividends paid), adjusted EBITDA (earnings, excluding unrealized gains/losses from commodity related risk management contracts, before interest, taxes, depreciation, amortization, accretion and other non-cash charges) and payout ratio (dividends declared to shareholders divided by distributable cash flow) are not standard measures under GAAP and, therefore, may not be comparable to similar measures reported by other entities. Management believes that these supplemental measures facilitate the understanding of Keyera's results of operations, leverage, liquidity and financial position. Distributable cash flow is used to assess the level of cash flow generated from ongoing operations and to evaluate the adequacy of internally generated cash flow to fund dividends. Total shareholder return is a concept that is often used to compare the performance of different companies' shares over time. EBITDA is a measure used as an indication of earnings generated from operations after consideration of administrative and overhead costs. As well, Keyera uses distributable cash flow in the context of setting performance targets under its STIP and LTIP, and uses total shareholder return as part of the performance target under its LTIP.

Readers are cautioned that these measures should not be construed as an alternative to measures, such as net earnings, determined in accordance with GAAP as an indication of Keyera's performance. Readers should refer to Keyera's 2015 annual financial statements and associated management discussion and analysis filed on SEDAR at www.sedar.com for a full discussion of Keyera's financial performance, for a reconciliation of these measures to their most closely related GAAP measures.

SCHEDULE "A"
QUESTIONS AND ANSWERS ON VOTING AND PROXIES

Your participation at the Meeting is very important to Keyera. The following questions and answers provide guidance on how you can vote your shares. Because Keyera primarily utilizes a book-based system, most shareholders are "beneficial shareholders". Beneficial shareholders should pay particular attention to questions 7, 8 and 9 for information on how to vote at the Meeting.

1) Am I entitled to vote?

All shareholders at the close of business on the Record Date (March 24, 2016) are entitled to vote at the Meeting, or at any adjournment of that Meeting, on the items of business set forth in the Notice. Even if you disposed of your shares after the Record Date, you are still entitled to receive notice of and vote at the Meeting. If you acquired shares after the Record Date, you are not entitled to receive notice of or vote at the Meeting.

2) What am I voting on?

As stated in the Notice, you are being asked to vote on: (i) appointment of the auditors of Keyera for the ensuing year; (ii) the election of each of the directors of Keyera; and (iii) the Advisory Resolution on Say on Pay. Shares may be voted for or withheld from voting on the appointment of auditors and the election of directors. **As discussed in this Information Circular, management is recommending that shareholders**:

- **VOTE FOR the appointment of auditors;**
- **VOTE FOR the election of directors; and**
- **VOTE FOR the Say on Pay Advisory Resolution.**

3) How will the votes be counted?

A simple majority of votes cast (50% plus one vote) by shareholders, in person or by proxy, is required for the appointment of auditors and the election of each director. The Say on Pay Advisory Resolution is not a binding resolution.

4) How many votes am I entitled to?

You are entitled to one vote for every share that you hold as of the Record Date.

5) Am I a registered or beneficial Shareholder?

A registered shareholder holds shares in his or her own name and such ownership is reflected in a share certificate or by other means of direct registration of the shares. A beneficial shareholder holds shares which are registered in the name of a nominee such as a bank, trust company, securities broker or other intermediary, and the holdings are recorded in an electronic system.

At present, Keyera primarily utilizes a book-based system administered by CDS. In Canada, CDS acts as nominee for many banks, trust companies and brokerage firms through which beneficial shareholders hold their shares. Consequently, most shares are registered under the name of CDS & Co. (the registration name for CDS) or its nominee. Keyera does not know for whose benefit the shares registered in the name of CDS & Co. are held. Shares registered in the name of CDS & Co. can only be voted at the direction of the beneficial shareholder. Therefore, without specific instructions from you delivered through your broker or its nominee, your shares cannot be voted. **Please refer to Question No. 7 for further information about how you, as a beneficial shareholder, can vote your shares**.

6) How do registered shareholders vote?

Registered shareholders can vote in person at the Meeting or by proxy. If you wish to vote in person at the Meeting, do not complete and return the form of proxy but simply attend the Meeting where your vote will be taken and counted. Be sure to register with Computershare, our registrar and transfer agent, when you arrive at the meeting. If you do not wish to attend the Meeting or do not wish to vote in person, you can vote by proxy. To vote by proxy, you can convey your voting instructions by mail, telephone, facsimile or internet and by doing so your shares will be voted at the Meeting by David Smith or Suzanne Hathaway, who are the appointees set forth in the form of proxy. Instructions as to how to convey your voting instructions by any of these means are set forth on the form of proxy and should be carefully followed. A proxy must be in writing and must be signed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized. **To ensure that your vote is recorded, your proxy must be received by Computershare Trust Company of Canada at the address specified in the proxy by no later than 2:00 p.m. (Calgary time) two business days (48 hours) preceding the day of the Meeting, or any adjournment of that Meeting.** This means that the proxy cut off time for the Meeting is May 6, 2016 at 2:00 p.m. (Calgary time) or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned or postponed Meeting.

All shares represented by properly executed proxy forms received by Computershare prior to such time will be voted for or withheld from voting in accordance with your instructions as specified in the proxy form on any matter dealt with at the Meeting.

7) As a beneficial shareholder, how do I vote?

As a beneficial shareholder, your shares will likely be registered under the name CDS through the name of your broker or an agent of that broker. **Your shares can only be voted if you provide voting instructions through your broker or intermediary. If you do not provide specific voting instructions, your broker or other intermediary (or their nominee) is prohibited from voting your shares.**

As a beneficial shareholder, applicable regulatory policy requires brokers/intermediaries to seek your voting instructions in advance of the Meeting. Every broker/intermediary has its own mailing procedures and provides its own return instructions which should be carefully followed in order to ensure that your shares are voted. Often, brokers/intermediaries use voting instruction forms similar to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder on how to vote on behalf of the beneficial shareholder. The majority of brokers now delegate responsibility for obtaining instructions from their clients to Broadridge Financial Solutions Inc. ("**Broadridge**") which typically mails a voting instruction form in lieu of the form of proxy. Upon receipt of the voting instruction form, you will have the option of completing and returning it by mail or facsimile, or you have the option of following specific telephone, internet or other voting procedures to vote your shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. As discussed in Question 8 below, you cannot use the voting instruction form to vote shares directly at the Meeting, rather you must complete the voting instruction form and following the instructions provided by Broadridge.

8) As a beneficial shareholder can I vote in person at the Meeting?

As a beneficial shareholder, you can only vote in person at the Meeting by making arrangements with your intermediary/broker well in advance of the Meeting in accordance with their procedures. Keyera does not know for whose benefit the shares registered in the name of CDS are held and cannot recognize you at the Meeting for purposes of voting your shares in person or by way of depositing a form of proxy unless you have made such arrangements.

If you wish to attend and vote at the Meeting, you should insert your name as a special appointment on the voting instruction form and carefully follow the instructions provided. Once you have appointed yourself as a proxy, be sure to register with Computershare when you arrive at the Meeting.

9) Can I appoint someone other than the management nominees, David Smith and Suzanne Hathaway, to act as my proxyholder at the Meeting?

Each of the persons named as proxyholders in the enclosed form of proxy is a director and/or officer of Keyera. **A registered shareholder wishing to appoint some other person as his or her representative at the Meeting who need**

not be a shareholder may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to Computershare no later than 2:00 p.m. (Calgary time) on May 6, 2016 (or, in the event the Meeting is adjourned, at least 48 hours, excluding Saturdays, Sundays and holidays, before the beginning of any reconvened meeting).

A beneficial shareholder wishing to appoint someone other than the management nominees as proxyholder should insert the name of the person you wish to appoint as your proxy as a special appointment on the voting instruction form and carefully follow the instructions provided. Note that voting by telephone is not available if you wish to appoint someone other than the management nominees as a proxy. It is important to ensure that any other person you appoint is attending the Meeting, and any adjournment or postponement thereof, and is aware that his or her appointment has been made to vote your shares. Be sure that your proxyholder registers with Computershare when he or she arrives at the Meeting.

10) Who is soliciting my proxy?

Management of Keyera is soliciting proxies to be used at the Meeting and at any adjournment or postponement thereof. Solicitation of proxies will be primarily by mail, but may also be solicited by personal interviews, telephone, facsimile or other means of communication by directors and officers of Keyera, without special compensation. The cost of this solicitation will be borne by Keyera. Keyera will not reimburse shareholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals.

11) How will my proxy be voted?

The persons named in the proxy form must vote or withhold from voting your shares in accordance with your voting instructions. **In the absence of specific instructions, your shares will be voted:**

- **FOR the election of directors;**
- **FOR the appointment of auditors; and**
- **FOR the Say on Pay Advisory Resolution.**

12) What if there are amendments or variations to the items of business set forth in the notice or other matters are brought before the Meeting?

The form of proxy confers discretionary authority upon the persons appointed with respect to amendments to the matters identified in the Notice and with respect to any other matters which may properly come before the Meeting. Keyera knows of no matters to come before the Meeting other than the matters identified in the Notice of the Meeting. If any matters which are not known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.

13) Can I change my mind once I have submitted my proxy or voting instructions?

Yes, you can revoke your proxy at any time before it is acted upon. **For registered shareholders,** if your proxy was submitted by facsimile or mail, you can revoke it by instrument in writing executed by you, or by your attorney authorized in writing, or if the shareholder is a corporation, under corporate seal or by an officer or attorney duly authorized, and deposit such instrument in writing with Computershare at the address specified in the proxy or at the registered office of Keyera at Suite 200, 144 – 4th Avenue S.W., Calgary, Alberta. If you conveyed your voting instructions by telephone or internet, then conveying new instructions will revoke prior instructions.

Instructions can be revoked at any time up to and including 2:00 p.m. (Calgary time) two business days preceding the Meeting, or any adjournment of that Meeting; or by depositing the revoking instrument with the Chair of the Meeting on the day of the Meeting, or any adjournment of that Meeting; or in any other manner permitted by law, including personal attendance at the Meeting, or any adjournment of that Meeting. If an instrument of revocation is deposited with the Chair, it will not be effective with respect to any item of business that has been voted upon prior to the deposit.

For beneficial shareholders, you must follow the procedures established by your broker/intermediary if you wish to revoke voting instructions that you have given to them. Normally, brokers/intermediaries require written notice of a revocation well in advance of the Meeting. Therefore, if you wish to revoke a proxy or voting instructions that you have given to your broker/intermediary, you should consult the instructions on the voting instruction form and contact your intermediary/broker prior to the Meeting to determine how you can do so.

14) Who counts the votes?

Computershare, as Keyera's transfer agent and registrar, will act as scrutineer at the Meeting and will count the votes.

15) How will my shares be voted if a ballot is called at the Meeting on any of the items of business?

Your shares will be voted as you specified in your proxy. If no such specification is made, then your shares will be voted as follows:

- **FOR the appointment of auditors;**
- **FOR the election of each director; and**
- **FOR the Say on Pay Advisory Resolution.**

16) How many shares are outstanding?

As of the date of this Information Circular, Keyera had 172,443,148 issued and outstanding common shares and, to the best of the knowledge of Keyera and its directors and executive officers, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the issued and outstanding shares.

17) Who can I contact if I have any further questions on voting at the Meeting?

For beneficial shareholders, you should contact your broker directly for most questions about procedures for submitting your voting instructions. All shareholders may also contact Computershare, our transfer agent and registrar, if you have questions:

- By email: service@computershare.com
- By phone: 1-800-564-6253

SCHEDULE "B"
BOARD MANDATE

Introduction

In this Mandate, Keyera Corp. and its subsidiaries are collectively referred to as "Keyera".

Primary Responsibility and Authority

The board of directors (the "Board") of Keyera Corp. is responsible for the stewardship of Keyera by providing effective, independent supervision of the management of Keyera's business and affairs. The Board's responsibility is to foster the long-term success of Keyera by supervising the management of Keyera's business and affairs in a manner that:

a. is intended to advance the collective interests of the owners of Keyera while recognizing that, in order for the enterprise to continue to be able to serve its owners' interests, the collective interests of employees, customers, suppliers, the communities in which Keyera operates and the general public must also be taken into account; and

b. promotes the achievement of Keyera's long-term goals to grow value responsibly in a sustainable manner.

These responsibilities are primarily discharged through Board oversight of Keyera's officers and management who are responsible for the day-to-day conduct of the business. The Board delegates certain of its authority to management, while reserving certain powers to itself, and oversees management's actions and their utilization of the powers delegated to them. The Board fulfils some of its responsibilities by delegation to Board Committees. Each Committee's terms of reference contain the responsibilities that are permanently delegated to that Committee. Any responsibilities that are not specifically delegated to the Chief Executive Officer or a Board committee remain Board responsibilities.

Operations of the Board

The Board is responsible for managing its affairs, including:

a. planning its composition and size;

b. selecting its Chair and its Independent Lead Director (if the Chair is not independent);

c. seeing that an effective Board is maintained by nominating candidates for election to the Board;

d. establishing Board committees (including committees required by applicable securities requirements and policies), appointing directors to those committees, establishing committee terms of reference and establishing position descriptions for the Committee Chairs;

e. establishing and modifying as necessary the Board's mandate and the position description for the Chair and the Independent Lead Director;

f. determining director compensation; and

g. assessing the effectiveness of the Board and its committees in fulfilling their responsibilities.

Management and Human Resources

The Board's management and human resources responsibilities are set out below.

1. Appoint the Chief Executive Officer (the "CEO") and provide advice and counsel to the CEO in the execution of his or her duties.
2. Approve terms of reference for the CEO and delegate powers to the CEO in order to permit the effective management of Keyera's business.
3. Evaluate the CEO's performance regularly and, with only independent members of the Board present, determine and approve the CEO's compensation level based on this evaluation.
4. Approve certain decisions relating to senior management, including:

   a. the appointment and replacement of senior officers;
   b. senior officers' compensation and benefits; and
   c. employment, consulting, retirement and severance agreements for senior officers and other special arrangements for senior officers.

5. Oversee the establishment and maintenance of succession planning and management development programs for the CEO and the other senior officer positions.

6. Approve certain matters relating to all employees, including:

   a. the annual salary and incentive programs/policies;
   b. new pension and benefit programs or material changes to existing programs;
   c. material changes to retirement plans; and
   d. material benefits granted to retiring employees outside of benefits received under approved retirement and other benefit programs.

Strategy, Planning and Budgeting
The Board's strategic, planning and budgeting responsibilities are set out below.

1. Participate with management in the development of Keyera's strategic plan.
2. Approve annual capital and operating budgets and the business plans within the context of the strategic plan.
3. Approve expenditures, acquisitions and divestitures that are not within the authority delegated to the CEO.
4. Approve the entry into or withdrawal from lines of business that are (or are likely to be) material to Keyera.
5. Approve financial and operating objectives used in determining compensation.
6. Approve mergers and similar arrangements involving unaffiliated parties.
7. Participate with management in monitoring Keyera's progress toward its strategic objectives.

Financial and Corporate Issues
The Board's financial and corporate responsibilities are set out below.

1. Oversee the assessment by management of the integrity and effectiveness of Keyera's internal control and management information systems, including the evaluation and assessment of information provided by management and others (such as internal audit resources and external auditors) about the integrity and effectiveness of Keyera's internal control and management information.
2. Review operating and financial performance relative to budgets and objectives.
3. Approve annual financial statements and quarterly financial results and approve their release.
4. Declare dividends.
5. To the extent not delegated to the CEO, approve financings, changes in authorized capital, issuance and repurchase of shares, issuance of debt securities, listing of shares and other securities, and related prospectuses and trust indentures.
6. Recommend appointment of external auditors and approve auditors' fees.
7. Approve banking resolutions and significant changes in banking relationships.
8. Approve appointments of or material changes in relationships with transfer agents and corporate trustees.
9. Approve significant contracts, transactions, and other arrangements or commitments that are not within the authority delegated to the CEO.
10. Approve the commencement or settlement of litigation that may be expected to have a material impact on Keyera.

11. Oversee the development by management of corporate financial strategy, including:
    a. capital structure management - the maintenance of reasonable financial flexibility and prudence while achieving an appropriate cost of capital; and
    b. dividend policy.

Risk Management

The Board's risk management responsibilities are set out below.

1. Understand the material risks associated with Keyera's business and review the balance between risk and return.
2. Review management's processes to identify the risks associated with Keyera's business and review management's implementation of appropriate systems to manage and mitigate those risks.
3. Oversee Keyera's approach to emergency response planning and emergency preparedness.
4. Review coverage, deductibles and key issues regarding corporate insurance policies.
5. Receive, at least annually, reports from management on matters relating to, among others, ethical conduct, environmental management, and employee health and safety.

Policies and Procedures

The Board's policy and procedures responsibilities are set out below.

1. Oversee the establishment and maintenance by management of a high standard of corporate governance and legal and ethical conduct for Keyera, by:
    a. establishing appropriate policies relating to corporate governance and legal and ethical conduct;
    b. taking reasonable steps to monitor compliance with applicable laws and regulations and Keyera's constitutional documents and policies and procedures;
    c. establishing systems for monitoring legal and ethical performance; and
    d. complying with legal, regulatory and stock exchange requirements.
2. Oversee the establishment and maintenance by management of appropriate environmental, health and safety policies.
3. Review compliance with key policies and procedures.

Compliance Reporting and Corporate Communications

The Board's compliance reporting and corporate communications responsibilities are set out below.

1. Oversee the establishment and maintenance of effective communication processes with shareholders, the investing public, other stakeholders and financial, regulatory and other institutions and agencies.
2. Approve formal interaction with shareholders on all items requiring shareholder approval.
3. Approve the content of Keyera's major communications to shareholders and the investing public, including information circulars, annual information forms, prospectuses, and significant information contained in documents incorporated by reference in prospectuses.
4. Take reasonable steps to oversee the accurate and fair reporting of the financial performance to shareholders, the investing public, other security holders and regulators on a timely and regular basis.
5. Oversee the establishment and maintenance of effective processes for timely reporting of other material developments or changes.
6. To the extent Keyera is engaged in oil and gas activities (as defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101")), oversee Keyera's compliance with NI 51-101, including receiving periodic reports from the committee responsible for reserves and approving any reports required to be publicly filed.

Independent Advisors

The Board and its committees have the right at any time to retain independent legal, financial or other advisors to advise the board independently on any matter. The Board shall have the sole authority (subject to its power to specifically delegate this power to a Committee or others as the Board considers reasonable) to retain and terminate such consultants or advisors, including sole authority to approve an advisor's fees and other retention terms.