KEYERA CORP.

Notice of Meeting and Information Circular

in respect of the

ANNUAL MEETING OF SHAREHOLDERS

to be held on May 9, 2017

Dated March 23, 2017

YOUR VOTE IS VERY IMPORTANT!

WE ENCOURAGE YOU TO VOTE AS EARLY AS POSSIBLE SO THAT YOUR SHARES WILL BE REPRESENTED AT THE MEETING. PLEASE COMPLETE, SIGN AND RETURN YOUR PROXY OR VOTING INSTRUCTION FORM TO VOTE YOUR SHARES.

YOU WILL FIND DETAILED VOTING INSTRUCTIONS FOR REGISTERED AND NONREGISTERED SHAREHOLDERS IN SCHEDULE “A” TO THIS INFORMATION CIRCULAR

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MESSAGE FROM THE CEO

March 23, 2017

Dear Fellow Shareholders:

On behalf of Keyera, I am very pleased to invite you to participate in our upcoming annual general meeting which we are holding on **May 9, 2017 at 2:00 p.m. in Calgary at the Sun Life Plaza Conference Centre** (Plus 15 level, 144 – 4th Avenue S.W.). Details of the meeting, including the matters to be voted upon and how you can cast your vote, are provided in the enclosed Information Circular.

Following the meeting, we invite you to stay for a brief management presentation where we will be sharing an update on Keyera's performance and what we see ahead in 2017. To help facilitate ongoing dialogue with you, our shareholders, we will be continuing our tradition of opening up the floor for a question and answer session as part of the management presentation. We also invite you to join us after the presentation for a light reception where you will have the opportunity to engage in informal discussions with our Directors and our management team. We value your input and welcome this opportunity to hear from you.

While it remains a challenging time for our industry, we believe in the resilience and innovation of the energy sector in Canada and are encouraged by the positive signs of recovery we have been seeing this year. We are proud to continue to work with our customers and industry to deliver safe, efficient and cost-effective services which support the overall competitiveness of the Western Canada Sedimentary Basin in the global market. We are also proud of how our disciplined approach to executing our strategy has served our shareholders. Our track record of delivering strong financial results, increasing our dividends and building long-term shareholder value provides us with a strong foundation upon which to continue to pursue our vision of being the North American leader in delivering midstream energy solutions.

Our achievements would not be possible without the hard work and dedication of our Board of Directors and our committed team of employees. I thank them for their contribution to Keyera and also thank you for your ongoing support and confidence.

Your vote and views are important to us, so please consider the information set out in the enclosed Information circular and vote, either in person, via the Internet, by telephone or by completing and sending in your proxy or voting instruction form.

Sincerely,

(signed) ***"David G. Smith"***
David G. Smith
President and Chief Executive Officer

MESSAGE FROM THE BOARD OF DIRECTORS

March 23, 2017

Dear Fellow Shareholders:

On behalf of your Board of Directors, it is my pleasure to welcome you to attend Keyera's annual general meeting on May 9, 2017 in Calgary. Not only does the meeting offer you the opportunity to vote on a number of important matters, it is also a chance to meet and ask questions of the directors and management.

Culture and Governance

Keyera's long-term success is built on a firm foundation of sound corporate governance, including a well-developed culture of prudent risk management, accountability and integrity. Our culture has been a key source of ongoing strength and stability during these challenging times. Protecting, maintaining and reinforcing this culture is a shared responsibility that your Board, and everyone at Keyera, takes very seriously.

We also continuously assess our governance practices with a view to building on our strengths and improving our effectiveness. This past year, we have worked closely with management to foster an environment that maximizes director engagement and facilitates collaboration on key matters requiring board oversight. We are also making significant strides in our commitment to achieving greater diversity on our Board and are pleased to be able to nominate Gianna Manes as a new director.

Strategy and Risk Oversight

Among the most important responsibilities that we have as a Board are overseeing the strategic direction of Keyera and monitoring our risk profile. Through a time when weak commodity prices, regulatory complexity and global uncertainty have challenged the energy industry, we have remained focused on consistent strategy execution and disciplined risk management. Thoughtful risk identification and analysis informs our strategic discussions and facilitates good decision making. The Board and our Committees also continue to be engaged in Keyera's operational excellence and business life-cycle risk management assessment initiatives that were kicked off in 2015.

Executive Compensation

Oversight of Keyera's compensation principles, policies, programs and decisions is another important mandate of your Board. Supported by the Compensation and Governance Committee, the Board evaluates executive compensation with a view to ensuring alignment between compensation and shareholder interests, incenting sustainable long-term value creation, achieving an appropriate balance of risk and reward and facilitating our ability to attract, retain and develop talented an motivated employees.

Shareholder Engagement

Engaging with investors and key stakeholders continues to be a priority for both management and the Board. We welcome direct interaction with shareholders and look forward to seeing you at the annual general meeting.

On behalf of the entire Board of Directors, I thank you for your continued support of Keyera.

Sincerely,

(signed) "*Douglas Haughey*"

Douglas Haughey
Independent Lead Director

KEYERA CORP.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE:	**May 9, 2017**
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, 2016 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 and, if deemed advisable, confirm and approve the Shareholder Rights Plan;
5. To consider, in an advisory, non-binding capacity, Keyera Corp.'s approach to executive compensation; and
6. 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 23, 2017 (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 22, 2017** 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 23rd day of March 2017.

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, 2016. These financial statements have been audited by Deloitte LLP, Chartered Professional 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 2015 and 2016, fees billed for audit, audit-related, tax and other services provided to Keyera by Deloitte LLP were as follows:

Year Ended December 31	2016	2015
Audit Fees	$530,971	$537,550
Audit Related Fees	$106,492	$88,590
Tax Fees	$0	$99,809
All Other Fees	$0	$0
Total	**$637,463**	**$725,949**

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 Keyera's U.S. subsidiary and advice related to income tax and commodity taxes.
- All 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, 2016 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 2016 vote on the appointment of auditors was as follows:

Votes For	Percent	Votes Withheld	Percent
114,254,026	99.48%	599,910	0.52%

<u>Voting Recommendation</u>: 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, our Board of Directors (also referred to as our "Board") must consist of a minimum of three directors and a maximum of twelve directors. At this time, Keyera has determined that ten is the appropriate number of directors and has put forward the following ten nominees: James Bertram, Douglas Haughey, Nancy Laird, Gianna Manes, 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.

<u>Director Nominees at a Glance</u>:

	Bertram	Haughey	Laird	Manes	Nelson	Norris	O'Connor	Smith	Stedman	Woodruff
Date first Appointed	2003(1)	2013	2003		2008	2013	2014	2015	2003	2015
Citizenship	Canada	Canada	Canada		Canada	Canada	USA	Canada	Canada	Canada
Board Interlocks	None	None	None		None	None	None	None	None	None
Independent	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Age (as of the date hereof)	60	60	61	52	68	64	61	59	65	60
Gender	Male	Male	Female	Female	Male	Male	Male	Male	Male	Female
Audit Committee			Member			Chair	Member			
Compensation and Governance Committee		Member			Member				Chair	
Health, Safety Environment Committee			Member		Chair				Member	Member
2016 Board and Committee Attendance Record	100%	100%	100%	N/A	100%	100%	100%	100%	100%	100%
Other	Chair of the Board	Ind. Lead Director						President & CEO		

Note

(1) From 2003 – January 1, 2015 Mr. Bertram was also CEO and from January 1, 2015 to June 1, 2016 he was Executive Chair. He retired as an officer effective June 1, 2016.

For full information about each of the nominees, including a summary of their experience, please refer to the section below titled "Director Nominees". Additional information about our existing directors is also included in our Annual Information Form which is available on our website at www.keyera.com and was filed on February 14, 2017 on SEDAR at www.sedar.com

<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. **Shareholder Rights Plan**

At the Meeting, shareholders will be asked to vote in respect of an ordinary resolution approving a new Shareholder rights plan, which was approved by the Board of Directors on March 17, 2017 (the "**Shareholder Rights Plan**"). The current Shareholder rights plan was previously approved in 2010 in connection with Keyera's conversion to a corporation and was subsequently implemented effective January 1, 2011 and ratified by the shareholders in 2014 (the "**Original Plan**"). The Original Plan, together with the rights issued under such plan, will expire on the date of the Meeting in accordance with its terms. Approval of the new Shareholder Rights Plan is therefore being sought in order to put a comparable plan in place effective the date of the Meeting. The Shareholder Rights Plan is substantially the same as the Original Plan, with such changes as are necessary to reflect amendments that were made to the securities legislation governing take-over bids in Canada in May 2016 (the "**Legislative Amendments**"), together with certain other updates to reflect current market practice and other amendments of a housekeeping nature.

The adoption of the Shareholder Rights Plan is not being recommended in response to or in contemplation of any known take-over bid or other similar transaction. Neither management nor the Board of Directors is aware of any pending, threatened or proposed acquisition or take-over bid of Keyera. The adoption of the Shareholder Rights Plan does not change the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of Keyera. Further, the Shareholder Rights Plan is not intended as a means to prevent a take-over of Keyera, to secure the continuance of management or the Board in their respective offices, or to deter fair offers for the shares. In the event of a take-over bid or similar transaction, the Board of Directors will continue to have the right and responsibility to take such action and to make such recommendations to shareholders as are considered necessary or appropriate. The Shareholder Rights Plan applies to the shares, securities that are convertible into shares, as well as any other shares with voting rights that may be issued by Keyera. Currently, the shares are the only class of shares issued and outstanding. Should Keyera issue a new class of voting shares in the future, the Shareholder Rights Plan would apply to those voting shares in the same manner described below. Keyera does not have any present intention of issuing any other class of voting shares.

<u>Rationale</u>: In asking shareholders to approve the Shareholder Rights Plan, the Board considered the legislative framework in Canada governing take-over bids, as modified in May 2016 by the Legislative Amendments. Under provincial securities legislation, a take-over bid generally means an offer to acquire voting securities of a person or persons, where the securities subject to the offer to acquire, together with securities already owned by the bidder and certain related parties, constitute 20% or more of the outstanding securities. The Shareholder Rights Plan is designed to address certain concerns raised by the existing legislative framework by creating mechanisms to assist in maximizing shareholder value in the face of a take-over bid and encouraging fair and equal treatment of all shareholders.

Notwithstanding the recent Legislative Amendments, there are still concerns related to the potential for unequal treatment of shareholders due to the possibility that control of Keyera could be acquired pursuant to a private agreement in which one or a small group of shareholders dispose of shares at a premium to market price, which premium is not shared with the other shareholders. In addition, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or a fair sharing of a control premium among all shareholders. The Shareholder Rights Plan is intended to mitigate the potential for such "creeping" take-over bids. It does so by encouraging a potential bidder to proceed either by way of a Permitted Bid (as described below), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

A summary of the principal terms of the Shareholder Rights Plan and the material differences between the Original Plan and the Shareholder Rights Plan is provided in Schedule "B". The full text of the Shareholder Rights Plan is available on the Keyera website at www.keyera.com.

Shareholder Rights Plan Resolution:

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS THAT:

1. The Shareholder Rights Plan, as described in this Information Circular, is hereby confirmed and approved.
2. The making on or prior to the date hereof of any amendments to the Shareholder Rights Plan as Keyera may consider necessary or advisable to satisfy the requirements of any stock exchange or professional commentators on shareholder rights plans in order to conform the Shareholder Rights Plan to versions of shareholder rights plans currently prevalent for reporting issuers in Canada is hereby approved.
3. Any one or more directors or officers of Keyera are hereby authorized, for and on behalf of Keyera, to take, or cause to be taken, any and all such acts and things and to execute and deliver, under the corporate seal of Keyera or otherwise, all such agreements, deeds, instruments, notices, consents, acknowledgments, certificates, assurances and other documents (including any documents required under applicable laws or regulatory policies) as any such director or officer in his or her sole discretion may determine to be necessary or desirable to give effect to the foregoing resolutions, such determination to be conclusively evidenced by the taking of any such action or such director's or officer's execution and delivery of any such agreement, deed, instrument, notice, consent, acknowledgement, certificate, assurance or other document.
4. Notwithstanding the passing of this resolution by the shareholders, the Board of Directors may revoke this resolution before it is acted upon, without further approval of the shareholders, if the Board of Directors determines, in its sole discretion.

Voting Recommendation: The Board of Directors has determined that the Shareholder Rights Plan is in the best interests of Keyera and the shareholders and unanimously recommends that shareholders vote in favour of the Shareholder Rights Plan Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Shareholder Rights Plan Resolution. Keyera is not aware of any Shareholder who will be ineligible to vote on the approval of the Shareholder Rights Plan at the Meeting. In the event the necessary approval is not obtained, the TSX will require that the Shareholder Rights Plan be rescinded or cancelled immediately following the Meeting. Regardless of whether shareholders approve the Shareholder Rights Plan resolution, the Original Plan will expire at the close of business on May 9, 2017.

5. 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 2016 advisory vote on executive compensation were as follows:

Votes For	Percent	Votes Against	Percent
112,417,317	97.88%	2,436,619	2.12%

Say on Pay Advisory Resolution:

"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."

Voting Recommendation: 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 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. All of the proposed directors are financially literate.

Nominee	Brief Biography
 **James Bertram** Not Independent Director Since 2003 Age: 60	Mr. Bertram has been a director since March 28, 2003. He held the role of Executive Chair from January 1, 2015 until June 1, 2016. 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.

Board/Committee Membership	Attendance	
Chair, Board of Directors	7 out of 7	100%

Key Areas of Expertise[1]	Shares and Deferred Share Units Beneficially Owned or Controlled[2]		
		March 1, 2016	March 1, 2017
• Oil, Gas and Midstream • Marketing • Corporate Responsibility • Risk Management	Shares DSU	797,842 Nil	854,104 Nil

Residency	2016 Voting Results
Calgary, Alberta, Canada	Votes For: 112,324,970 (97.80%) Votes Withheld: 2,531,873 (2.20%)

Nominee	Brief Biography
 **Douglas Haughey** Independent Director since 2013 Age: 60	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 & CEO of Spectra Energy Income Fund and President of Spectra's western Canadian natural gas midstream infrastructure and logistics business Mr. Haughey is also chair of Fortis Inc. and chaired its wholly owned subsidiary Fortis Alberta Inc. He has an ICD.D designation from the Institute of Corporate Directors.

Board/Committee Membership	Attendance	
Independent Lead Director, Board of Directors	7 out of 7	100%
Compensation and Governance Committee	5 out of 5	100%

Key Areas of Expertise[1]	Shares and Deferred Share Units Beneficially Owned or Controlled[2]		
		March 1, 2016	March 1, 2017
• Oil, Gas and Midstream • Marketing • Governance • Financial Acumen	Shares DSU	11,140 Nil	11,140 3,318

Residency	2016 Voting Results
Calgary, Alberta, Canada	Votes For: 114,789,792 (99.94%) Votes Withheld: 67,051 (0.06%)

Nominee	Brief Biography
 **Nancy Laird** Independent Director Since 2003 Age: 61	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 Trinidad Drilling Ltd. and the Business Development Bank of Canada. She has an ICD.D designation from the Institute of Corporate Directors.

Board/Committee Membership	Attendance	
Board of Directors	7 out of 7	100%
Audit Committee	4 out of 4	100%
Health, Safety and Environment Committee	3 out of 3	100%

Key Areas of Expertise[1]	Shares and Deferred Share Units Beneficially Owned or Controlled[2]		
		March 1, 2016	**March 1, 2017**
• Compensation and Human Resources • Oil, Gas and Midstream • Governance • Risk Management	Shares	55,122	55,122
	DSU	Nil	1,389

Residency	2016 Voting Results	
Calgary, Alberta, Canada	Votes For:	113,106,409 (98.48%)
	Votes Withheld:	1,750,434 (1.52%)

Nominee	Brief Biography
 **Gianna Manes** Independent Not Currently a Director Age: 52	Ms. Manes is a new nominee for director. Ms. Manes has been the President and CEO of ENMAX Corporation since 2012 and has 30 years of experience in the energy sector. Prior to joining ENMAX, she held a number of executive positions with Duke Energy, a large North American power company based in Charlotte, North Carolina, including Senior Vice President and Chief Customer Officer from 2008 to 2012. Ms. Manes has an ICD.D designation from the Institute of Corporate Directors.

Board/Committee Membership	Attendance	
N/A	N/A	N/A

Key Areas of Expertise[1]	Shares and Deferred Share Units Beneficially Owned or Controlled[2]	
	March 1, 2016	**March 1, 2017**
• Oil, Gas and Midstream • Governance • Risk Management • Compensation and Human Resources	Nil	Nil

Residency	2016 Voting Results
Calgary, Alberta, Canada	N/A

Nominee	Brief Biography
 **Donald Nelson** Independent Director since 2008 Age: 68	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 also a director of Perpetual Energy Inc.

Board/Committee Membership	Attendance	
Board of Directors	7 out of 7	100%
Chair, Health, Safety and Environment Committee	3 out of 3	100%
Compensation and Governance Committee	5 out of 5	100%

Key Areas of Expertise(1)

- Oil, Gas and Midstream
- Corporate Responsibility
- Governance
- Compensation and Human Resources

Shares and Deferred Share Units Beneficially Owned or Controlled(2)

	March 1, 2016	March 1, 2017
Shares	76,988	77,885
DSU	Nil	Nil

Residency	2016 Voting Results	
Calgary, Alberta, Canada	Votes For:	114,786,964 (99.94%)
	Votes Withheld:	69,879 (0.06%)

Nominee	Brief Biography
 **Michael Norris** Independent Director since 2013 Age: 64	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	7 out of 7	100%
Chair, Audit Committee	4 out of 4	100%

Key Areas of Expertise(1)

- Accounting and Audit
- Financial Acumen
- Risk Management
- Governance

Shares and Deferred Share Units Beneficially Owned or Controlled(2)

	March 1, 2016	March 1, 2017
Shares	6,832	7,059
DSU	Nil	5,015

Residency	2016 Voting Results	
Toronto, Ontario, Canada	Votes For:	114,814,224 (99.96%)
	Votes Withheld:	42,619 (0.04%)

Nominee	Brief Biography
	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, 8point3 Energy Partners LP and New Jersey Resources.

Thomas O`Connor
Independent
Director since 2014
Age: 61

Board/Committee Membership	Attendance	
Board of Directors	7out of 7	100%
Audit Committee	4 out of 4	100%

Key Areas of Expertise(1)

- Oil, Gas and Midstream
- Financial Acumen
- Governance
- Risk Management

Shares and Deferred Share Units Beneficially Owned or Controlled(2)

	March 1, 2016	March 1, 2017
Shares	8,500	8,500
DSU	Nil	2,546

Residency	2016 Voting Results
Evergreen, Colorado, USA	Votes For: 114,814,543 (99.96%) Votes Withheld: 42,300 (0.04%)

Nominee	Brief Biography
	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 executive 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.

David Smith
Not Independent
Director since 2015
Age: 59

Board/Committee Membership	Attendance	
Board of Directors	7 out of 7	100%

Key Areas of Expertise(1)

- Oil, Gas and Midstream
- Financial Acumen
- Risk Management
- Marketing

Shares and Deferred Share Units Beneficially Owned or Controlled(2)

	March 1, 2016	March 1, 2017
Shares	468,783	521,504
DSU	Nil	Nil

Residency	2016 Voting Results
Calgary, Alberta, Canada	Votes For: 113,435,808 (98.76%) Votes Withheld: 1,421,035 (1.24%)

Nominee	Brief Biography
 **William Stedman** Independent Director Since 2003 Age: 65	Mr. Stedman has been a director since April 2, 2003. From 2001 to 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.

Board/Committee Membership	Attendance	
Board of Directors	7 out of 7	100%
Health, Safety and Environment Committee	3 out of 3	100%
Chair, Compensation and Governance Committee	5 out of 5	100%

Key Areas of Expertise[1]	Shares and Deferred Share Units Beneficially Owned or Controlled[2]		
		March 1, 2016	March 1, 2017
• Corporate Responsibility • Governance • Oil, Gas and Midstream • Compensation and Human Resources	Shares	114,184	114,184
	DSU	Nil	5,015

Residency	2016 Voting Results	
Calgary, Alberta, Canada	Votes For:	113,075,844 (98.45%)
	Votes Withheld:	1,780,999 (1.55%)

Nominee	Brief Biography
 **Janet Woodruff** Independent Director Since 2015 Age: 60	Ms. Woodruff has been a director since June 9, 2015. She 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. She is a director of Altus Group Limited, plus she 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) and Capstone Infrastructure Corporation (a wholly owned subsidiary of Irving Infrastructure Corp., but which has preferred shares which are publicly traded on the TSX). Ms. Woodruff holds the ICD.D designation from the Institute of Corporate Directors and is a Fellow Chartered Professional Accountant of British Columbia.

Board/Committee Membership	Attendance	
Board of Directors	7 out of 7	100%
Health, Safety & Environment Committee	3 out of 3	100%

Key Areas of Expertise[1]	Shares and Deferred Share Units Beneficially Owned or Controlled[2]		
		March 1, 2016	March 1, 2017
• Accounting and Audit • Marketing • Financial Acumen • Corporate Responsibility	Shares	Nil	536
	DSU	Nil	2,546

Residency	2016 Voting Results	
West Vancouver, British Columbia, Canada	Votes For:	114,810,147 (99.96%)
	Votes Withheld:	46,696 (0.04%)

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 (which is included in the "Report on Governance" later in this Circular), each director is asked to identify four primary areas of expertise reflected in the table. All directors have expertise in the category of "Leadership and Strategic Thinking".

(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.

Independence and Interlocking Directorships: All of the nominees other than Messrs. Bertram and Smith are independent. From January 1, 2015 to June 1, 2016 Mr. Bertram served as Executive Chair and was Chief Executive Officer of Keyera prior thereto and is therefore 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.

Additional Information about the Nominees: 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, save and except for Ms. Laird who was a director of Synodon Inc. (TSX.V) from 2007 until a receiver was appointed on November 30, 2016. Further, 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, 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.

DIRECTOR COMPENSATION

Highlights:

- Non-employee directors receive an annual retainer
- Non-employee directors do not participate in Keyera's incentive compensation plans and do not receive a pension
- Directors do not receive any bonus or incentive payments when they join the Board
- Keyera does not grant stock options
- Directors are subject to Keyera's anti-hedging guidelines
- Directors are required to own shares equal to at least 3x their base annual retainer within five years of joining the Board
- At least 60% of total annual retainer is to be paid in Deferred Share Units for non-employee directors who have not met share ownership guidelines

How We Compensate Non-Employee Directors

Keyera believes in a compensation structure that is effective and transparent. Keyera's non-employee director compensation program is designed to attract and retain qualified people to serve as directors. Our compensation structure is based on flat fees for each role, rather than individual meeting fees. The fees are paid in quarterly instalments, in arrears, and are pro-rated from the date of the director's appointment to the Board or particular Committee. 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. They are entitled to be reimbursed for out of pocket expenses incurred to attend Keyera Board and Committee meetings.

The compensation payable to each non-employee director in 2016 was calculated based on the following schedule of fees:

Description	Amount
Base annual retainer for each director	$150,000
Annual retainer for the Chair of the Board	$115,000
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 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[1] sets out the gross fees earned by each of our non-employee directors in 2016 based on the approved schedule of fees set out above. As Mr. Smith is the President and CEO of Keyera, he does not receive any director fees.

Name	Base Annual Retainer ($)	Board Chair Independent Lead Director Annual Retainer ($)	Committee Chair Annual Retainer ($)	Committee Member Annual Retainer ($)	Travel Fees ($)	Extra-ordinary Meeting Fees ($)	Total Compen-sation excluding Travel Fees ($)
James Bertram[2]	87,500	67,083				Nil	154,583
Douglas Haughey	150,000	50,000		15,000		Nil	215,000
Nancy Laird	150,000			30,000		Nil	180,000
Donald Nelson	150,000		30,000	15,000		Nil	195,000
Michael Norris	150,000		45,000		7,500	Nil	195,000
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	150,000			15,000		Nil	165,000

Notes:

(1) 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 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 2016.

(2) Effective June 1, 2016, Mr. Bertram ceased to be an executive officer of Keyera and was appointed as non-executive Chair of the Board, at which time he began earning director fees (prior thereto, Mr. Bertram was compensated as an officer of the Corporation in his role as Executive Chair).

Compensation 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. In the last five years, there have been two adjustments to director compensation (one effective October 1, 2012 and the other effective January 1, 2015). The Compensation and Governance Committee did not complete a comprehensive review of director compensation in 2016; however, in light of Mr. Bertram's change in role from Executive Chair to Chair, the Committee did retain Mercer (Canada) Limited ("**Mercer**") to provide an analysis and recommendation with respect to compensation payable to the Chair and the Independent Lead Director. This review resulted in the approval of a new retainer for the Chair and confirmation of no change in the retainer for the Independent Lead Director (both of which are reflected in the above schedule of fees).

Equity Compensation: In late 2015, Keyera approved a Deferred Share Unit Plan ("**DSUP**") as part of its director compensation program. Therefore, effective for the 2016 calendar year, non-employee directors had the ability to elect to receive all or a portion of their 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. The DSUP replaced Keyera's previous Director Equity Compensation Plan pursuant to which Directors could elect to receive a portion of their Annual Base Retainer in shares.

Alignment with Shareholder Interests - Share Ownership Guidelines for Directors

We have adopted share ownership guidelines for our directors. In keeping with these guidelines, our non-employee directors are expected to hold shares with a value of at least three (3) times their Base Annual Retainer and are expected to reach this ownership level within five years of joining the Board of Directors. Directors who are also officers are subject to share ownership guidelines associated with their management position. (See "Compensation Discussion and Analysis – Share Ownership Guidelines for Officers).

DSUs are considered the equivalent of common shares for the purposes of the director share ownership guidelines. 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. Directors are also subject to Keyera's hedging guidelines. (See Compensation Discussion and Analysis – Hedging Guidelines). The following table sets out the share ownership levels of each non-employee director as of March 1, 2017.

Name	Number of Shares Beneficially Owned or Controlled(1)	Number of DSUs	Total Value of Shares and DSUs(2) ($)	Value of Shares and DSUs as a Multiple of 2016 Base Annual Retainer(3)	Compliance with Share Ownership Guidelines	2016 DSU Election (as a percent of total Annual Retainer)
James Bertram	854,104	Nil	33,480,877	223 times	Meets	0%
Douglas Haughey	11,140	3,318	566,754	4 times	Meets	60%
Nancy Laird	55,122	1,389	2,215,231	15 times	Meets	30%
Donald Nelson	77,885	Nil	3,053,092	20 times	Meets	0%
Michael Norris	7,059	5,015	473,301	3 times	Meets	100%
Thomas O'Connor	8,500	2,546	433,003	3 times	Meets	60%
William Stedman	114,184	5,015	4,672,601	31 times	Meets	100%
Janet Woodruff(4)	536	2,546	120,814	1 times	Must meet by June 9, 2020	60%

Notes:

(1) Number of shares beneficially owned or controlled as of March 1, 2017 (excluding shares acquired pursuant to the Premium Dividend™ and Dividend Reinvestment Plan in January and February 2017 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).

(2) In accordance with Keyera's DSUP, the value of the securities is based on the 30 day average closing price of shares up to and including March 1, 2017 which was $39.20 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 2016 base annual retainer (rounded to the nearest whole number).

(4) Ms. Woodruff joined the Board of Directors on June 9, 2015.

REPORT ON GOVERNANCE

Keyera believes that sound governance is fundamental to the success of our business and to building stakeholder confidence. We adopt governance practices designed to align the interests of the Board and management with those of our shareholders, to promote a culture or integrity and ethical behaviour and to facilitate effective risk management. The table below indicates where you can find highlights of the key elements of our governance practices.

Element	Highlights	Page #
Board Mandate	The Board's role is one of overall stewardship and oversight of Keyera's strategic direction .	18, 79
Code of Conduct	We have high standards of integrity and ethical behaviour for directors, management and employees.	33
Board Independence	7/9 Directors (and 8/10 Director nominees) are independent.	8, 25
Board Committee Independence	Each Committee is composed entirely of independent Directors.	8, 19, 25
Independent Lead Director	Douglas Haughey has been appointed as Keyera's Independent Lead Director.	8, 25
Director Attendance	All Directors had perfect attendance at Board and Committee meetings in 2016.	8, 21
Director Orientation and Education	We have established Director orientation processes, as well as ongoing education programs.	30
Board Skills Matrix	As part of our Board succession planning and nomination processes, individual competencies and experience are tracked.	27
Board and Executive Diversity	Our Board Renewal Policy includes a written policy on diversity. We have made progressive advancement in achieving the objectives of this policy, with 3 of our 10 director nominees being women.	27
Board Tenure	Our Board Renewal Policy includes guidelines with respect to years of service and age in considering nominees for election.	27
Majority Voting Policy	Director nominees in uncontested elections who do not receive majority approval must tender their resignation.	30
Board and Director Assessments	We have formal assessment processes in place, including written and interview components.	29
Director Compensation	Board compensation is simple and transparent. It is designed to recruit experienced, focused and talented directors and to align their interests with those of our shareholders.	14
Share Ownership Guidelines	Keyera has share ownership requirements in place. Collectively, our non-employee director nominees have more than $45 million invested in Keyera.	16
Say on Pay	We hold an annual advisory vote on executive compensation.	7
Risk Oversight	Our Board and each Committee have specific risk oversight responsibilities. An overall review of enterprise risks (including financial, business/operational and human resources/compensation) is completed annually.	18, 19, 31
Shareholder Engagement	In addition to our comprehensive investor relations and communications program, shareholders may contact our Board through our investor relations email and our Board will meet with shareholders as appropriate.	34

Our Board of Directors

Keyera's Board of Directors recognizes the Board's responsibility for providing effective, independent supervision of Keyera's business and operations. This is reflected in our Board's written mandate (which is attached as Schedule "C" to this Circular) and in the activities it carries out throughout the year. Our Board is committed to advancing the interests of our shareholders, contributing to Keyera's long-term goals of growing value in a responsible and sustainable manner and promoting a culture of safety, integrity and responsibility.

The following table summarizes some of the key responsibilities and the activities that our Board undertakes (with the assistance of the three committees that it has established) in carrying out its mandate.

Responsibility	Activities
Board Structure and Operations	• Planning Board and committee composition and size and terms of reference • Ensuring effective independent leadership through the appointment of an Independent Lead Director and independent committee chairs • Approving director compensation • Assessing Board effectiveness • Establishing appropriate structures and procedures to allow the board to function effectively and independently of management
Governance and Policies	• Providing leadership with respect to high standards of corporate governance and ethical conduct • Monitoring best practices in governance and adapting those practices for Keyera • Overseeing compliance with key policies, procedures and legal requirements • Supporting environmental, health and safety objectives
Management and Human Resources	• Overseeing succession planning processes for the CEO and management team • Annually reviewing the mandate and performance of the CEO • Evaluating and approving compensation of the CEO and management team in a manner consistent with Keyera's compensation philosophy • Receiving updates on employee retention, engagement, attrition, demographics and diversity • Receiving reports on Keyera's strategies and programs for leadership development • Engaging independent experts
Strategic Planning and Budgeting	• Overseeing Keyera's strategic direction, the formulation of our plans and priorities and ensuring appropriate risk analysis is integrated into strategic decision-making • Integrating Keyera's strategic vision into the Board's decision making processes in light of the opportunities and risks of the businesses • Approving Keyera's annual capital and operating budgets, major acquisitions and dispositions, and other business opportunities outside the authority delegated to management • Reviewing results of our business and operational performance and monitoring strategic initiatives
Financial and Corporate	• Approving our financing strategy, including debt and equity issuances • Overseeing the integrity and effectiveness of our internal controls, management information systems and disclosure controls • Approving significant contracts and transactions • Overseeing compliance with applicable audit, accounting and reporting requirements
Risk Management	• Understanding the material risks associated with our business and integrating appropriate risk assessment into decision making and analysis • Overseeing management's risk management processes and mitigation strategies, including: o receiving regular reports from management o receiving updates from each committee with respect to the risk areas for which they are responsible (including each committee's annual review of our risk matrices) • Receiving updates on key risk areas

Responsibility	Activities
Compliance Reporting and Corporate Communications	• Contributing to effective communication processes with shareholders and other key stakeholders • Approving our major communications to shareholders • Overseeing fair, accurate and timely reporting of financial performance, as well as reporting of other material developments

Our Board Committees

Our Board has established three committees to assist it in fulfilling its mandate: an Audit Committee; a Compensation and Governance Committee; and a Health, Safety and Environment Committee.

Overview of our Committee Structure

We have adopted terms of reference for each committee and position descriptions for committee chairs. 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 Chair and Independent Lead Director with respect to the effectiveness, performance, composition and mandate of their committee. The Chair of the Compensation and Governance Committee has an additional role in consulting from time to time with the 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.

Written terms of reference and position descriptions 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. All committees have the ability to retain independent expert advice whenever they determine it would be appropriate.

Committee Membership

The Board of Directors has established membership criteria for each of our 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 • Michael Norris (Chair) • Thomas O'Connor • Nancy Laird	Financial Literacy	• 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.	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

<table>
<tr><th>Committee*</th><th>Membership Criteria</th><th>Description of Committee Membership Criteria</th><th>Assessment of Committee Composition</th></tr>
<tr><td rowspan="5">Compensation and Governance Committee
• William Stedman (Chair)
• Douglas Haughey
• Donald Nelson</td><td>Human Resources Literacy</td><td>• 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).</td><td>Criteria Met</td></tr>
<tr><td>Financial Literacy</td><td>• 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.</td><td>Criteria Met</td></tr>
<tr><td>Independence</td><td>• The Board utilizes the criteria identified in NI 52-110 and NI 58-101 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.</td><td>Criteria Met</td></tr>
<tr><td>Not an Active Chief Executive Officer</td><td>• The Board does not appoint active Chief Executive Officers of any publicly-traded entity to the Committee.</td><td>Criteria Met</td></tr>
<tr><td>Experience</td><td>• 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.</td><td>Criteria Met</td></tr>
<tr><td rowspan="2">Health, Safety and Environment Committee
• Donald Nelson (Chair)
• William Stedman
• Nancy Laird
• Janet Woodruff</td><td>Independence</td><td>• The Board utilizes the criteria identified in NI 52-110 and NI 58-101 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.</td><td>Criteria Met</td></tr>
<tr><td>Experience</td><td>• 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.</td><td>Criteria Met</td></tr>
</table>

**For additional information on our 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 – How we Maintain the Right Mix of Skills and Competencies".*

Director Board and Committee Attendance

The following table shows the attendance of each director at Board and committee meetings in 2016.

Director	Board	Audit Committee	Compensation and Governance Committee	Health, Safety & Environment Committee	Total No. of Meetings Attended	Percentage
James Bertram	7/7				7/7	100%
Douglas Haughey	7/7		5/5		12/12	100%
Nancy Laird	7/7	4/4		3/3	14/14	100%
Donald Nelson	7/7		5/5	3/3	15/15	100%
Michael Norris	7/7	4/4			11/11	100%
Thomas O'Connor	7/7	4/4			11/11	100%
David Smith	7/7				7/7	100%
William Stedman	7/7		5/5	3/3	15/15	100%
Janet Woodruff	7/7			3/3	10/10	100%
Total (Percentage)	63/63 (100%)	12/12 (100%)	15/15 (100%)	12/12 (100%)	102/102 (100%)	100%

Audit Committee Report

Overview	
Members	Michael Norris (Chair), Thomas O'Connor and Nancy Laird
Primary Responsibilities	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 • Financial risk assessment and management programs of Keyera
Meetings	Four regularly scheduled meetings were held in 2016, each of which consisted of: • an open session with the external auditor, the internal auditor and management • an in camera meeting with the internal and external auditors without management present • an in camera meeting with just the internal auditor • an in camera meeting with just the independent members

2016 Highlights	The Audit Committee has an annual work plan and reports to the Board quarterly on its activities, findings and recommendations. In 2016, the Audit Committee successfully addressed all matters on its work plan; some of these activities are described below.
Financial Reporting	• Reviewed and recommended approval of Keyera's quarterly and annual financial statements (including the audit reports thereon), management's discussion and analysis and earnings release • Received quarterly reports from the external auditors • Received quarterly reports from the internal auditor, covering matters including internal controls, disclosure controls and fraud prevention analysis

Audit Matters	• Approved the external audit plan, approved the non-audit services provided by the external auditor and reviewed auditor independence • Approved the internal audit plan and received quarterly status updates
Risk Oversight	• Assessed Keyera's significant financial risks and risk management/mitigation processes, and completed a review of Keyera's financial risk matrix that identifies the major categories of financial risk faced by Keyera and the corresponding steps that Keyera takes to mitigate those risks • Received quarterly risk management reports from Keyera's Risk Management Committee, with a particular emphasis on Keyera's Marketing business, including inventory levels and risk management contracts within Keyera's hedging program • Received an update on Keyera's approach to cyber security risk • Reviewed Keyera's counterparty risk profile each quarter • Received updates from the internal auditor on Keyera's business life-cycle risk management assessment and associated recommendations • Reviewed Keyera's tax forecasts and taxability reports • Reviewed Keyera's corporate insurance program • Received legal reports (including reports from the reporting concerns hotline)
Accounting Procedures	• Reviewed new accounting standards and Management's assessment of the impact of those new standards on Keyera (in particular pending changes with respect to revenue recognition)
Financing Strategy	• Received quarterly updates on Keyera's 2016 financing strategy and initiatives • Recommended approval of an equity offering (included review and approval of the prospectus supplement), approval of two private debt placements, and approval of the amendments to and extension of Keyera's credit facility • Reviewed the stress testing of Keyera's forecast capital requirements in relation to covenant calculations • Recommended the approval of a dividend increase
Other	• Reviewed and recommended approval of Keyera's Annual Information Form and certain sections of the Information Circular

Compensation and Governance Committee Report

Overview	
Members	William Stedman (Chair), Douglas Haughey and Donald Nelson
Primary Responsibilities	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 • Board functioning and effectiveness • Adoption of a strategic planning process and the review of strategic plans • Identification and recommendation of nominees for election or appointment to the Board of Directors
Meetings	Four regularly scheduled meetings plus one special meeting, each of which included: • an open session with management • an in camera meeting with just the independent members The Committee invites its compensation consultant(s) to participate in most of its meetings and in 2016 there was compensation consultant participation in all but one meeting The Committee also regularly holds in camera sessions with its compensation consultant(s)

2016 Highlights	The Compensation and Governance Committee has an annual work plan and reports to the Board quarterly on its activities, findings and recommendations. In 2016, the Committee successfully addressed all matters on its work plan; some of these activities are described below.
Governance Matters	• Advanced director succession initiatives, resulting in the recruitment of a new director nominee in 2017 • Reviewed all Keyera's governance policies and guidelines, and adopted changes to the term limit guideline in Keyera's Board Renewal Policy and the Share Ownership Guidelines • Reviewed Keyera's Business Conduct Policies • Provided direction with respect to Keyera's Board and director assessment practices and received a summary report on the assessment outcomes • Provided input into Keyera's strategic planning processes, including the agenda for the annual strategic planning session and recommended adjustments to regular Board meeting agendas to enhance the time available for strategic discussions • Reviewed and updated Keyera's Board Mandate, Committee Terms of Reference and Chair and Independent Lead Director position descriptions • Reviewed the CEO job description and management succession plans • Received regular updates on governance trends, practices, regulation and public policy matters • Reviewed and approved Keyera's Information Circular
Compensation Matters	• Provided direction with respect to Keyera's overall compensation objectives, trends and strategies • Reviewed overall employee salary and wage levels and recommended executive base salaries for 2016 • Engaged Mercer to complete an analysis of Keyera's executive compensation program, including a review of the peer group and the relative competitiveness of Keyera's compensation • Engaged Mercer to complete an analysis of realizable pay for executive officers • Recommended short term incentive plan performance targets, the size of the 2016 bonus pool and the bonuses to be paid to our executive officers • Engaged Hugessen Consulting Inc. ("Hugessen") to complete an independent review of the design of Keyera's STIP resulting in a decision to track additional performance indicators in 2017 on a trial basis (to be used at the Committee's discretion as additional context for executive STIP awards next year) • Reviewed and recommended performance targets for the 2016 long term incentive plan and developed recommendations with respect to the LTIP grant pool and the individual executive LTIP grants • Engaged Mercer to complete a review of Chair and Independent Lead Director compensation • Reviewed the STIP target and maximum ranges, resulting in amendments to the ranges and categories effective for the 2017 performance year • Reviewed our Executive Employment Agreements for competitiveness and appropriateness • Reviewed models of compensation outcomes and corporate performance prior to making recommendations with respect to salaries and incentive compensation
Risk Oversight*	• Received reports from independent advisors with respect to compensation philosophy and design, as well as the operation of Keyera's compensation programs • Received updates on governance matters and best practices

	• Assessed risks related to the design and operation of our compensation plans, our approach to talent management (including succession planning) and our overall governance structures and practices, including completing a review of a risk matrix identifying the major categories of risk faced by Keyera in these areas and the corresponding steps that we take to mitigate these risks • Reviewed Keyera's director and officer liability insurance program • Received 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 • Reviewed Keyera's incentive plans and corresponding targets and milestones • Assessed the pay mix for executive officers to achieve appropriate alignment between pay-at-risk based on incentive compensation plan targets and base pay • Implemented a clawback policy 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

**For more information on the Committee's approach to risk mitigation please refer to the Compensation Discussion and Analysis.*

Health, Safety and Environment Committee Report

Overview	
Members	Donald Nelson (Chair), William Stedman, Janet Woodruff and Nancy Laird
Primary Responsibilities	To assist the Board of Directors in fulfilling its oversight role and other responsibilities in relation to, among other things: • Keyera's health, safety and environmental policies, practices and procedures • Our health, safety and environmental performance and compliance record • Liability management and asset retirement obligations • Greenhouse Gas and emissions management, reporting and strategy • Operational and business risk identification, assessment and mitigation
Meetings	Three regularly scheduled meetings each of which included: • an open session with management • an in camera meeting with just the independent members Site tours of Keyera facilities

2016 Highlights	Our Health, Safety and Environment Committee is part of the leadership structure that supports Keyera's mandate to conduct our business in a manner that emphasizes the health and safety of our workers and our communities, and reflects our commitment to responsible environmental stewardship. The Committee has an annual work plan and in 2016 successfully completed all work on its plan; some of these activities are described below.
Health and Safety	• Received regular reports from management on Keyera's health and safety performance • Received a report on our annual safety goals and the results of our annual safety audit • Participated in Keyera's Annual Safety Symposium
Environmental and Regulatory	• Received regular reports on our environmental and regulatory performance and reviewed the effectiveness of Keyera's responses to environmental matters • Reviewed the execution of Keyera's liability management program • Reviewed Keyera's asset retirement obligations and estimates, as well as the processes employed by management in quantifying those obligations • Reviewed Keyera's greenhouse gas performance, reporting and compliance record • Received a report from Keyera's Climate Change and Emissions Steering Committee with respect to recent developments in this rapidly changing area, the implications for Keyera and our strategy for addressing these dynamics

Pipeline and Pressure Vessel Integrity	• Received a report on Keyera's pipeline integrity and inspection program, as well as an update on regulatory changes in this area • Received a report on Keyera's pressure vessel integrity program, including the results of a third party audit • Reviewed management's assessment of significant operational risks with respect to pipeline, facility and pressure vessel integrity management programs
Risk Oversight	• Continued to structure its work plan such that a core area of operational risk was addressed at each of its meetings • Reviewed and made recommendations with respect to Keyera's overall operational risk matrix which provides an overview of the operational risks associated with Keyera's business and the associated risk mitigation strategies • Received reports on Keyera's policies and practices to assess whether they address applicable legislation, regulatory requirements and industry standards; meet Keyera's goals; are adequate to prevent or mitigate losses; and are being effectively implemented • Engaged directly with Keyera leaders and employees for the opportunity to discuss operational risks and mitigation strategies
Other	• Received a report on Keyera's operator training/competency development programs and transportation of dangerous goods ("TDG") • Reviewed the reserves report prepared by an independent expert and confirmed that the reserves were not material from a financial or reporting perspective • Received a report on transportation of dangerous goods matters, including Keyera's TDG compliance and safety strategies, as well as an update on regulatory developments • Participated in a site visit to the Simonette Gas Plant

How We Promote Independence

Independence is a key aspect of an effective Board. Seven out of nine of our current directors are independent and eight out of ten of the 2017 director nominees are independent. As noted above, the two directors who are not independent are Mr. Bertram, Keyera's Chair, and Mr. Smith, Keyera's President and Chief Executive Officer.

Because our Chair is not independent, we have appointed Douglas Haughey as our Independent Lead Director. As Independent Lead Director, Mr. Haughey has responsibility for providing leadership for the independent directors. He 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 and interactions among the Chair, Independent Lead Director, the other independent directors and the President and Chief Executive Officer.

We carefully considered the governance implications of having Mr. Bertram assume the role of Executive Chair in 2015 and his subsequent move to non-executive Chair in 2016. The Board continues to feel strongly about the value of continuing to have Mr. Bertram serve on the Board, given his depth of knowledge, his personal leadership style and the contribution he makes to board effectiveness. Through the appointment of an Independent Lead Director, together with the governance practices we have adopted (and which are described below), we believe we have achieved an appropriate solution to providing strong, effective independent leadership for our Board.

Exercising Independent Judgment	
Committee Independence	Only independent directors are permitted to sit on our Board committees
In-Camera Meetings of Independent Directors	Our independent directors hold in-camera meetings at which only they participate at every regularly scheduled Board meeting. In 2016, the independent directors held 7 such meetings. Each of our committees has also adopted the practice of holding in-camera meetings at every scheduled meeting.

Exercising Independent Judgment	
Independent Advice/Analysis	The independent directors may retain independent financial, legal, executive compensation or other expert advice at Keyera's expense whenever they decide they need such input.
Independent Lead Director	Our Board has appointed an Independent Lead Director to enhance its independent oversight. Douglas Haughey has been our Independent Lead Director since January 1, 2015. Responsibilities of this role include: • making recommendations with respect to the retention of outside advisors to assist the Board or the independent directors; • presiding over the meetings of the independent directors; presiding over meetings of the Board of Directors where appropriate; • facilitating communication between the independent directors and management; and • calling special meetings of the Board or the independent directors as appropriate.
Assessment of Independence	We assess independence at least annually in connection with the nomination process. We have a due diligence process to collect information to help us assess independence. The process includes collecting information through annual detailed questionnaires, biographical information and internal records and reports regarding relationships between directors. Our assessment is based on the guidance provided by the Canadian Securities Administrators, particularly the criteria in NI 52-110 and NI 58-101. We may also take into account other facts or circumstances that could be relevant in assessing whether relationships could reasonably be expected to interfere with the exercise of a directors' independent judgement. None of our independent directors have received, directly or indirectly, any compensation from Keyera other than for services carried out as a director of Keyera.
Disclosing Potential Conflicts	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 or which may compromise his or her independence. 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.
Interlocking Directorships	Directors are expected to advise the Chair and either the CEO or the Corporate Secretary prior to accepting a position on another public board. Currently Keyera does not have any interlocking directorships.

How We Maintain an Appropriate Mix of Skills and Competencies

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". The following summarizes the primary areas of expertise of our current directors.

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

How We Approach Board Renewal: Director Selection, Tenure and Diversity

Keyera's framework for Board succession planning and renewal is focused on achieving an appropriate mix of skills, experience, competencies, tenure and diversity. To this end, we have continued to advance our Board assessment process and associated skills matrix as tools to support Board effectiveness and guide succession planning. The result is an approach to Board renewal that is governed by a qualitative analysis of Board composition which informs our director nominee selection process.

Our Compensation and Governance Committee has overall responsibility for identifying and recommending qualified individuals as nominees to be directors of Keyera. Each year the Committee considers and makes recommendations to the Board with respect to the director nominees to be presented for election at the annual meeting of the shareholders. The Board, acting on the advice of the Committee, then selects the director nominees to be nominated for election. In the event there is a vacancy prior to an annual meeting, the Committee may make a recommendation to the Board with respect to a replacement nominee to fill the vacancy. Further, if appropriate, the Committee may recommend the appointment of additional directors between annual meetings of shareholders, subject to compliance with the *Business Corporations Act* (Alberta) and our constating documents.

In carrying out this role, the Compensation and Governance Committee considers 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. The Committee also 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.

To assist with director selection, we have 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 addition, our Board Renewal Policy guides how we identify, evaluate and recommend director nominees. This policy includes guidelines with respect to age, term limits and diversity. When we re-wrote this policy two years ago, the Committee evaluated mandatory retirement ages, mandatory term limits and formal diversity targets, and concluded that rigid quantitative rules with respect to these matters were not the most suitable tools to achieve Board effectiveness, promote renewal, facilitate diversity or preserve independence. Therefore, the approach we have taken preserves an appropriate degree of discretion to be exercised by the Compensation and Governance Committee and the Board.

- Director Tenure: To help balance the benefits of experience and continuity with the need to introduce new perspectives, age and tenure are both factors that our Compensation and Governance Committee will consider when recommending director nominees. Under our policy, directors will generally not be nominated for election at an annual meeting of shareholders after reaching the earlier of (i) the age of 72, or (ii) 12 years of service on the Board. The Committee may nominate a candidate that is more than 72 years old or has served more than 12 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.

  For the past two years, our policy identified 15 years of service as the recommended maximum term; however, in early 2017, we reduced this guideline to 12 years of service (excluding years of service while a member of management). The decision to move to a 12 year guideline reflects our approach to Board succession planning and is consistent with good governance practices. In making this change, the Board recognized that two of our directors have years of services in excess of this guideline. However, in the interests of continuity, orderly transition, and in keeping with the Board succession process that we have been executing over the past several years, these directors have been re-nominated for election.

- Board Gender Diversity: 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 is monitoring this approach 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. Since this policy was adopted, we have made significant strides in achieving increased gender diversity.

	Number and Percent of Director Nominees who are Women		**Number and Percent of Independent Director Nominees who are Women**	
2017	3/10	30%	3/8	38%
Year	**Number and Percent of Directors who are Women**		**Number and Percent of Independent Directors who are Women**	
2016	2/9	22%	2/7	28%
2015(1)	2/9	22%	2/7	28%
2014	1/10	10%	1/9	11%

Note:

(1) Information is as of June 2015, reflecting the changes at our 2015 annual general meeting and the appointment of Ms. Woodruff in June 2015. At the beginning of 2015, 1/9 directors (11%) and 1/8 independent directors (13%) were women.

In practice, Keyera has been engaged in a very active director renewal process over the last three years, including adding four new independent directors and proposing another new independent director nominee this year. We are also continuing efforts to maintain and expand our evergreen list of potential director nominees in order to broaden the pool of potential directors from which we may draw in the future, expand the diversity of candidates and bring on new directors that will serve the best interests of Keyera. Our intention is to continue to meaningfully pursue and maintain gender diversity on our Board. To support this goal, we intend to continue to identify women candidates with a view to maintaining an appropriate mix of gender diversity.

How We Assess Director and Board Effectiveness

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.

Formal Evaluation Process

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, 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 five 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 and Committee Composition**: Input on the Board succession planning, including level of diversity (in terms of background, skills, experience, knowledge and perspective in light of Keyera's business, our strategic direction and the environment in which we operate), 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 of the Board and committees.
5. **Individual Assessment**: Each director was asked to reflect on their own performance, their contribution to the Board, their professional development plans and their plans with respect to the Board over the next one to five years.

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

The results of these questionnaires are reviewed by the Chair and the Independent Lead Director and may also be reviewed by the Chair of the Compensation and Governance Committee. The 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.

Other Ways We Cultivate Board Effectiveness

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 and position descriptions for the Board Chair the Independent Lead Director 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 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 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 in conjunction with 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.

How We Respond to Shareholder Voting Preferences - 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 to the Chair of the Compensation and Governance Committee. The Compensation and Governance Committee shall consider the resignation offer and shall accept the resignation unless there are extenuating circumstances. A director submitting a resignation offer is not permitted to participate in deliberations regarding the acceptance of the resignation. If there are not a sufficient number of directors for the Compensation and Governance Committee to meet quorum, the Board of Directors or a special committee of the Board shall make the decision.

A decision on the acceptance of a resignation offer must be made and press released within 90 days following the meeting at which the majority "withhold" vote was received. If the resignation offer is not accepted, the press release must include an explanation of the reasons for the decision. The press release must also be submitted to the TSX. Keyera may also take such other steps to respond to the resignation as it considers appropriate in the circumstances.

How We Meet the Information Needs of Our Directors – Orientation and Education

Director orientation and ongoing education are important aspects of supporting a strong and effective Board. The Compensation and Governance Committee is responsible for assisting the Board of Directors in the ongoing evolution of our orientation and education programs.

Our approach to orientation focuses on providing new directors with an introduction to Keyera, our business, as well as our approach to various risk, governance and operational matters. This typically involves meetings with other directors and members of our management team, to review our organization structure, our business and our key governance policies.

With respect to continuing education, each year we deliver a number of presentations to our Board and committees 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:

- 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 resource center; and
- periodic presentations by internal or external experts on topical matters.

Some of the specific educational opportunities for directors in 2016 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 fundamentals, markets and trends	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 Simonette gas plant	Health, Safety and Environment Committee
Capital markets overview and financing strategies and trends	Board of Directors Audit Committee
Developments in pipeline integrity regulation and practice	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
Cyber security risk and risk mitigation strategies	Audit Committee
Climate change and emissions regulatory update and implications for Keyera	Health, Safety and Environment Committee
Public opinion research with respect to the energy industry in Canada	Board of Directors

We also provide 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 our 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. For example, Keyera currently maintains a corporate membership with the Institute of Corporate Directors.

Approach to Risk Oversight

Effective risk oversight is a core focus of our Board. The Board effectively uses our committee structure to help fulfil the risk oversight role, ensuring that all primary areas of risk receive adequate attention. As a result, the committees play an important role in understanding the key risks in Keyera's business and operations, as well as management's approach to managing these risks. As described in the committee reports above, each of our committees review the main areas of risk for which it is responsible 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, for the last two years we have been using our Board assessment process to specifically solicit input from individual director input on Keyera's short, medium and long term risk profile.

Among the key areas of risk that our Board and committees have focused on include:

- Operational risks - including reliability, health, safety and environmental performance and pipeline integrity.
- Business risks - particularly market dynamics affecting the Western Canadian Sedimentary Basin, commodity risk management strategy, counterparty risk and access to capital.
- Capital project execution risks - including cost and schedule risk drivers.
- Regulatory risk - including the changes in climate change and emissions regulations in Alberta and Canada.

Other areas of emerging risk that have received heightened attention over the past year include cyber security risk and geo-political dynamics. As well, managing compensation risk is a consistent theme for the Compensation and Governance Committee and the Board. (See the "Compensation Discussion and Analysis" for a detailed discussion of Keyera's approach to mitigating compensation risk).

Keyera continued to advance two enterprise-wide risk initiatives through 2016, including the life-cycle risk review of Keyera's business processes, business risks and risk management strategies and the operational excellence initiative through which Keyera is building on and enhancing our disciplined, risk-based approach to our 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 14, 2017 filed on SEDAR at www.sedar.com and available on Keyera's website at www.keyera.com.

How We Approach 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, we work with our 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 the Board of Directors.

A written position description for 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 role, 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.

Over the last two years, we have made several significant steps in implementing our leadership succession plans:

Year	Leadership Succession Activity
2015	• promoting David Smith to President and Chief Executive Officer (replacing James Bertram who moved on to become Executive Chair and who is now the Chair of our Board) • hiring Rick Koshman into the position of Vice President, Engineering in connection with the reorganization of our Health, Safety and Engineering departments
2016	• promoting Jarrod Beztilny to Vice President Operations, Liquids Business Unit
2017	• promoting Jamie Urquhart to Vice President operations, Gathering and Processing

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 our talent management practices and our 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 we encourage our 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.

We currently have two women on our 13 member executive officer team (15%).

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 business conduct policies. These re-certifications are 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-one 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.

Our Board of Directors encourages shareholders to engage with appropriate Keyera representatives on relevant matters. Our 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. For example, some of our independent directors have 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 2016 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". For more information on our NEOs, you can access their biographies on our website at www.keyera.com. You can also review their most recent five year history in our Annual Information Form which is available on our website and on SEDAR at www.sedar.com.

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".

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 Committee's report in the "Report on Governance" section.

Objectives and Design of Our Compensation Program

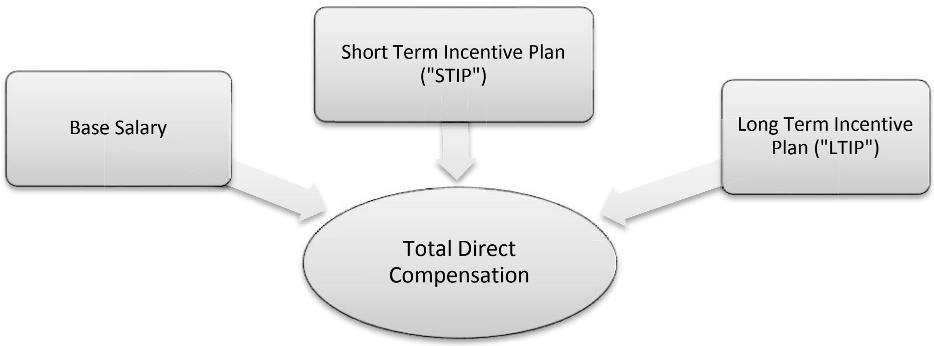
The objectives of our executive compensation program are to attract and retain high performing executives and to motivate them to contribute to Keyera's vision of becoming the North American leader in delivering midstream energy solutions through its strategy of creating stable value growth built on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

Elements of Our Total Compensation Program

Total direct compensation for our executive officers consists of three primary components:



As described in the summary below, each of the components is intended to serve a different function in the overall compensation program and is determined based on distinct criteria. Keyera does not have a stock option plan.

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
Long Term Incentive Plan ("LTIP")	Variable	1 - 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.	• 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 excessive short term risk taking

		3 years	➢ 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 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")	• 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 non-employee directors are technically eligible to participate in the LTIP, Keyera has adopted the practice of not granting such 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.

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.

How We Performed in 2016

Keyera made some very notable strides in the execution of its strategic business plan and delivered record performance in it facilities business segments. These results were particularly notable in light of the challenges faced by the Canadian oil and gas industry since 2014, 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 our performance in six performance categories and provides the context for how compensation decisions were made by our Compensation and Governance Committee and Board in 2016.

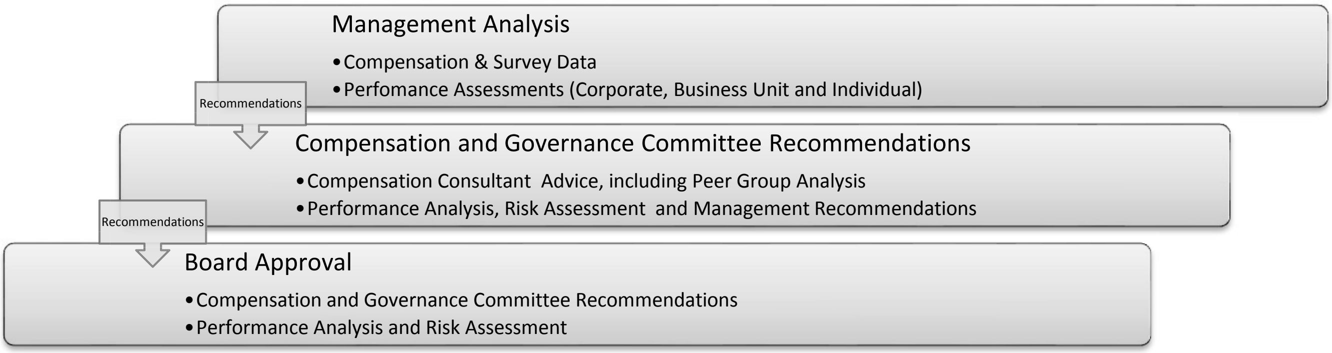
Performance Category	Examples of Performance Measures	Highlights of Results Achieved in 2016
Financial Performance	• Earnings • Distributable cash flow • EBITDA • Total shareholder return • Dividends	• Annual net earnings of $217 million, $15 million higher than 2015 • Annual net earnings per share of $1.21 per share, representing 9% and 5% compound annual growth rates for three and five years • Annual distributable cash flow(1) of $460 million, 5% lower than 2015, but 4% higher than 2015 results when 2015 results are adjusted for $40 million in non-recurring hedging gains related to 2014 year-end inventory • Annual distributable cash flow per share(1) of $2.56, representing a 12% compound annual growth rate since going public in 2003 • Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA)(1) of $605 million, compared to $705 million in 2015 (including the $40 million non-recurring gain) • Total annual shareholder return(1) in 2016 was approximately 5%, for a three year total shareholder return of 12% per annum and a five year total shareholder return of 14% per annum • Announced a monthly dividend increase of 6% to $0.1325 per share in August • Dividends declared in 2016 were $278 million or $1.54 per share, resulting in a payout ratio(1) of 60% • Comfortably met all debt covenants
Operational Excellence	• Throughput/Volumes • Safety • Costs • Environment • Compliance	• Maintained throughput at Gathering and Processing facilities near 2015 levels in spite of continued low producer activity levels and third party curtailments on sales gas pipelines • Reduced operating costs in our Gathering and Processing business unit by 13% • Increased volumes through the Edmonton/Fort Saskatchewan pipelines and facilities • Completed the scheduled maintenance turnaround of the Alberta EnviroFuels facility • Completed or advanced all 2016 Health and Safety goals and objectives • Successfully executed our 2016 Liability Management Program, with expenditures of approximately $5 million generating asset retirement obligation reductions of over $10 million • Advanced the development and roll-out of new standards under our Operational Excellence initiative • Achieved a “B” for our environmental reporting through CDP, above the industry average, and demonstrating our responsible environmental management approach
Generating Growth Opportunities	• Internal growth • Acquisitions • Capital expenditures	• Growth capital investment (excluding acquisitions) of approximately $502 million • Acquired an incremental 35% interest in the Alder Flats Plant and associated gathering system • Acquired the Hull Terminal Pipeline System and entered into agreements for pipeline connections that will o provide access to the Mont Belvieu NGL hub and support the growth of our Texas operations • Completed the fractionation expansion at Keyera Fort Saskatchewan

<table>
<tr><th>Performance Category</th><th>Examples of Performance Measures</th><th>Highlights of Results Achieved in 2016</th></tr>
<tr><td></td><td></td><td>• Advanced work on several key projects, including: the proposed Wapiti gathering and processing complex; cavern development at Keyera Fort Saskatchewan; the Fort Saskatchewan Condensate System expansion; the Keylink Pipeline; the storage expansion at Edmonton Terminal; the Base Line Terminal Project; the Norlite diluent pipeline project; and the South Grand Rapids pipeline, pump station and ancillary facilities.
• Completed the purchase and lease arrangements for an existing pipeline owned by Praxair in the Edmonton/Fort Saskatchewan area and advanced the work necessary to convert the pipeline segments into NGL service (the northern segment will be the North Condensate Connector pipeline and the southern segment will be the South NGL Connector pipeline)
• Entered into an agreement to acquire 1,290 acres of undeveloped land in the Industrial Heartland near Fort Saskatchewan for future development</td></tr>
<tr><td>Financial Stability</td><td>• Liquidity
• Cash flow
• Investor confidence</td><td>• Extended the term of Keyera's unsecured revolving term credit facilities and negotiated amendments to the covenant calculations subject to certain conditions
• Maintained a prudent payout ratio of 60%(1)
• Conservative capital structure, well within all debt covenants
• Placed $360 million in long term private debt with institutional investors at attractive rates
• Raised $345 million through a public offering of shares
• Raised $172 million through the Premium Dividend™ and Dividend Reinvestment Plan (based on dividends declared)</td></tr>
<tr><td>Risk Management</td><td>• Financial risk mitigation
• Operational risk mitigation</td><td>• Maintained a conservative hedging strategy
• Executed our financial risk management program, mitigating inventory and price risk associated with various products in the face of the low commodity prices
• Utilized physical assets to help mitigate inventory risk
• Applied a risk based analysis in our cost reduction initiatives
• Completed a business life-cycle risk review</td></tr>
<tr><td>Strong Leadership Team and Business Model</td><td>• Building relationships in the Community
• Leadership Development and Succession Planning
• Corporate governance and reputation
• Employee engagement</td><td>• Recognized as one of Alberta's "Top 70 Employers"
• Continued to execute a consistent flexible business strategy
• Executed succession planning and leadership development initiatives
• Supported the third 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</td></tr>
</table>

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.")

How Our Compensation Approval Process Works



Overview

The approval process for each element of Keyera's executive compensation program typically begins with a detailed performance analysis, including Keyera's performance, the performance of each of the business units and individual performance, along with a detailed comparative analysis of executive salaries and incentive compensation prepared by Mercer.

The Chief Executive Officer makes recommendations to our Compensation and Governance Committee with respect to base salary, STIP bonuses and LTIP Awards for the executive officers. Salary and STIP recommendations are considered at the beginning of the first quarter each year, and the LTIP recommendations are considered near the end of the second quarter. In making recommendations, management provides commentary on various aspects of Keyera's performance (see "How We Performed" in the section above for 2016 considerations) and the Chief Executive Officer provides specific commentary on the individual performance of each executive officer, including his or her contribution to business unit performance and overall Keyera performance, as well as internal equity considerations. The market analysis is prepared by Mercer. As discussed in more detail throughout this CD&A, there are specific distributable cash flow targets set for the STIP and LTIP to measure corporate performance, but here are no formal quantitative targets set for individual performance.

In addition to assessing individual compensation recommendations, the Committee assesses the aggregate compensation for the executive officers. Assessments include a position by position analysis of market data for comparable positions within the peer group, along with an analysis of overall corporate performance on a relative and absolute basis. With respect to the Chief Executive Officer specifically, our Compensation and Governance Committee evaluates his individual performance and Keyera's overall performance relative to corporate objectives and strategic business plans.

In making compensation recommendations to our Board of Directors, the Committee reviews the various elements of each executive officer's compensation in the context of the total compensation package. The Board reviews the Committee's recommendations and is ultimately responsible for approving compensation decisions. The Committee and the Board exercise discretion based on Keyera's performance and the individual contributions of the executive officers in determining actual compensation.

Ongoing Evaluation of our Compensation Programs

With the assistance of Mercer, the Committee analyzes the market competitiveness of Keyera's overall compensation packages, the relationship between Keyera's performance and the annual earnings of the executive officers and continued appropriateness of the overall compensation program structure. A back-check analysis is completed every fall, when the Committee receives a formal detailed report from Mercer on executive compensation. 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.

In addition, similar consideration of these factors is incorporated into the Committee's compensation related decisions throughout the year, including:

1. during the selection of the comparative peer group, the identification of comparable functional matches for each officer position for benchmarking purposes;
2. during the Committee's deliberations with respect to developing recommendations for Base Salary in the first quarter of each year;
3. 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;
4. when setting the STIP target for the current year, which occurs early in the first quarter; and
5. during deliberations over LTIP thresholds, targets and grants during the second quarter of each year.

How We Selected Our 2016 Peer Group

Highlights:
Keyera's relative positioning within the 2016 peer group with respect to certain key selection criteria was as follows:

- **Total Assets**: 45th percentile in relation to the peers in the Mercer survey; 46th percentile in relation to the peers in the circular data
- **Market Capitalization**: 85th percentile in relation to the peers in the Mercer survey; 75th percentile in relation to peers in the circular data
- **Revenue**: 89th 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

(Based on Mercer data compiled as of August 2016)

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.

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 2016 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 2016 peer group, which consisted of two subgroups: a peer group of 23 entities which participated in the Mercer survey (52% in the pipeline/midstream sector; 39% in the exploration and production sector; 4% in the drilling sector and 4% in the services and equipment sector); and a peer group of 18 publicly traded entities whose management information circulars had been reviewed (28% in the pipeline/midstream sector; 61% in the exploration and production sector; 6% in the drilling sector; and 6% in the services and equipment 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 how the 2015 peer group was selected. The Compensation and Governance Committee does not know which members of the peer group comprise the benchmark for each position.

2016 Peer Group Member(1)	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
Pembina Pipeline Corporation	X	X
Pengrowth Energy Corporation	X	X
Peyto Exploration & Development Corp.		X
Plains Midstream Canada	X	
Precision Drilling Corporation	X	X
SemCAMS ULC	X	
Seven Generations Energy Ltd.	X	X
Spectra Energy Transmission	X	
Tourmaline Oil Corp.		X
Veresen Inc.	X	X
Vermilion Energy Inc.	X	X
Whitecap Resources Inc.	X	X
Williams Energy (Canada)	X	

Note:
(1) As compared to the 2015 peer groups, Paramount Resources Ltd was removed from both groups and Peyto Exploration & Development Corp. was removed from the Mercer Survey peer group as it did not participate in the 2016 survey.

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."

How We Approach Base Salary

Highlights:
- Keyera targets base salary at median
- Actual 2016 base salaries for the Senior Vice Presidents were within +/- 10% of the 50th percentile
- CEO base salary was below the 50th percentile

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.

How 2016 Base Salaries Were Determined

In determining its base salary recommendations in 2016, 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 2015 peer group, which was the most current information available at the time salaries were set.

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 again in the fall of 2016 based on the 2016 peer group. Based on the 2016 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 within +/-10% of the 50th percentile.

The table below sets out the 2015 and 2016 annual base salaries for each NEO, along with the percentage change between the two years.

Name and Position	2015 Annual Base Salary (as of December 31)	2016 Annual Base Salary (as of December 31)	% Change between 2015 and 2016
David G. Smith President and Chief Executive Officer	500,000	500,000	0%
Steven Kroeker Senior Vice President, Chief Financial Officer	360,000	360,000	0%
Bradley W. Lock Senior Vice President, Gathering and Processing Business Unit	360,000	360,000	0%
Dean Setoguchi Senior Vice President, Liquids Business Unit	360,000	360,000	0%
Suzanne Hathaway(1) Vice President, General Counsel & Corporate Secretary	290,000	308,000	6%

Notes:

(1) Ms. Hathaway's base salary was originally held flat when salaries were set in February 2016, but was subsequently adjusted mid-year.

Short Term Incentive Plan

Highlights:

- The STIP performance metric is after tax distributable cash flow per share
- The target is set with shareholder experience in mind
- Various sensitivities and scenarios are prepared with respect to the performance required to achieve various multipliers so that our Compensation and Governance Committee and Board can consider the link to performance when setting the target
- 2016 target was \$2.55 after tax distributable cash flow per share and actual performance was \$2.56
- The maximum performance multiplier is 2 times – the 2016 corporate multiplier was set at 1 times
- 2016 STIP target compensation for NEOs was below the 50th percentile compared to the peer group

The STIP is an annual cash bonus program in which all permanent employees, including executive officers, are eligible to participate. The goal of the plan is 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.

Step 1: Establish Performance Target

The quantitative corporate performance measure underlying the STIP is after tax distributable cash flow per share[1] 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 we publish our distributable cash flow every quarter in our management discussion and analysis, 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.

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.

Structure for Additional 2017 Performance STIP Indicators: The Compensation and Governance Committee believes that the STIP plan design has been very effective in fulfilling its objectives, providing strong alignment, clear line of site and transparency and that no significant changes in the plan design are required. However, based on the results of the Hugessen STIP review, it was acknowledged that there is merit in looking at additional performance indicators with a view to providing further structure around the supplemental performance information presented each year to the Committee and the Board to provide context when determining STIP bonuses for the executive officers.

Based on this recommendation, in 2017:

- the only formal STIP performance target will continue to be after tax distributable cash flow per share;
- management will continue its practice of bringing forward other performance information that it believes is relevant to assist with the compensation analysis; and
- the additional performance information to be provided to the Committee and the Board will include the following:

Category	Recommended Measures
Safety	Safety commentary will be provided as context along with the following measures: • Total recordable incidence frequency • Lost time injury rate
Operational	Operational commentary will be provided as context along with the following measure: • Facility reliability (planned and unplanned outages)
Environmental	Environmental Commentary will be provided as context, along with the following measure: • Reportable incidents

[1] See Keyera's 2016 Annual Management Discussion and Analysis and its accompanying Annual Financial Statements(available on our website at www.keyera.com and on Sedar at www.sedar.com) for a reconciliation of distributable cash flow per share to its most closely related GAAP measure.

The Committee and the Board will be able to continue to use the additional performance information, now including these specific indicators, to help inform the assessment by the Committee and Board of the appropriateness of the corporate multiplier and the application of discretion (if any) when determining executive STIP compensation. This approach and the inclusion of these specific measures will be evaluated at the completion of the 2017 STIP cycle in determining which measures, if any, should be maintained going forward, any new measures and/or additional changes to how performance information, in addition to the after tax distributable cash flow per share, might be used in the context of the STIP.

Step 2: 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 2016 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.

Step 3: Determine Size of Pool

STIP bonuses are paid out of a pool approved annually by the Board of Directors (on recommendation of the Compensation and Governance Committee). The size of the pool approved by the Board depends on the corporate performance multiplier combined with the individual performance multipliers for each employee category. The corporate performance multiplier is based on actual after tax distributable cash flow per share relative to target. In making recommendations to the Board, the Compensation and Governance Committee reviews the corporate performance scenarios that were considered at the time the target was set. Typically, actual corporate performance that meets the STIP target would correlate to a corporate performance multiplier of 1. Individual performance multipliers are the other factor that contributes to the size of the total pool, with each employee receiving an individual performance rating based on their individual contributions.

The exercise of judgment is an important element in determining the size of the overall STIP bonus pool and individual executive officer bonuses. The Compensation and Governance Committee and the Board have discretion in setting the size of the pool, and may take a number of performance indicators into account in determining whether or how to exercise such discretion. For example, consideration may be given to: other measures of financial performance; operational excellence performance; generation of growth opportunities; financial stability and execution of financing strategies; risk management; and leadership and employee engagement. The objective is to ensure 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.

Step 4: 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, among other things:

- 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.

Step 5: 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, 2016, and for the purpose of the 2016 STIP bonuses, the respective weighting within the executive group was:

Executive Position	Corporate Performance	Individual Performance
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%

2016 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, 2016, and for the purposes of calculating the 2016 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)
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%

2017 STIP Bonus Ranges: In the first quarter of 2017, the Compensation and Governance Committee reviewed the STIP bonus ranges for all categories. Based on this review, it was identified that there was some misalignment of Keyera's STIP ranges and its target cash compensation as compared to the market data, in that total target compensation was less than median. As a result, several adjustments were made to the categories for non-executive employees, and the following changes were approved with respect to the STIP ranges for Keyera's executive officers. These changes, which will take effect for the 2017 STIP performance period, are shown below:

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)
President and Chief Executive Officer	0%	200%
Senior Vice President, Chief Financial Officer	0%	120%
Senior Vice President, Gathering and Processing	0%	120%
Senior Vice President, Liquids Business Unit	0%	120%
Other Executives	0%	90%

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.

How 2016 STIP Bonuses were Determined

2016 STIP Target

In 2016, the approved target level after tax distributable cash flow per share for the STIP was $2.55, compared to $2.25 in 2015. The increase in the target was based on expectations with respect to: our anticipated financial performance in light of the execution of our business strategy; anticipated cash flow from new projects coming online; anticipated demand for services at Keyera's core facilities; the impact of the scheduled maintenance turnaround at Keyera's Alberta EnviroFuels facility; and the overall shareholder experience should Keyera achieve the target. In setting the target, the Board also took into account our 2016 taxability forecast and the anticipated capital spend on projects that would not come on line until after 2016.

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 our overall performance. Actual annual after tax distributable cash flow per share in 2016 was $2.56, in line with the target of $2.55 that was approved by the Board at the beginning of the year. The Board recognized that Keyera was able to deliver these strong financial and operational results in a challenging economic environment for the oil and gas industry. While the primary factor that determined the corporate performance rating was the fact that actual performance met the target, 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); strong financial performance, particularly in light of the economic environment; record financial performance in Keyera's facilities segments; advancement of key business and operational initiatives; execution of capital projects; and an ongoing solid financing strategy. (See the subsection called "How We Performed" of this CD&A).

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.

2016 STIP - Corporate Multiplier Summary			
STIP Target after tax distributable cash flow per share	**Actual after tax distributable cash flow per share**	**Target Met (Y/N)**	**Corporate Multiplier**
$2.55	$2.56	Yes	1x

This corporate performance rating, when combined with its assessment of the individual contributions of each NEO, resulted in smaller bonuses compared to 2015, when the corporate performance multiplier was 1.5. Actual bonuses paid to the NEOs for 2016 performance as a percentage of 2016 base salary as compared to bonuses paid for 2015 performance as a percentage of 2015 base salary are summarized in the following table.

Name and Position	2016 STIP Bonus	Percentage of 2016 Base Salary	Potential 2016 STIP Range Percentage of Base Salary	2015 STIP Bonus	Percentage of 2015 Base Salary	Potential 2015 STIP Range Percentage of Base Salary
David G. Smith President and Chief Executive Officer	$378,000	76%	0% - 140%	$533,750	107%	0% - 140%

Name and Position	2016 STIP Bonus	Percentage of 2016 Base Salary	Potential 2016 STIP Range Percentage of Base Salary	2015 STIP Bonus	Percentage of 2015 Base Salary	Potential 2015 STIP Range Percentage of Base Salary
Steven Kroeker(1) Senior Vice President, Chief Financial Officer	$213,840	59%	0% - 110%	$304,920	85%	0% - 110%
Bradley W. Lock Senior Vice President, Gathering and Processing Business Unit	$229,680	64%	0% - 110%	$300,960	84%	0% - 110%
Dean Setoguchi Senior Vice President, Liquids Business Unit	$213,840	59%	0% - 110%	$302,940	84%	0% - 110%
Suzanne Hathaway Vice President, General Counsel & Corporate Secretary	$137,984	45%	0% - 80%	$177,480	61%	0% - 80%

Notes:
(1) Mr. Kroeker was appointed Senior Vice President, Chief Financial Officer effective February 3, 2015 (he held the position of Vice President, Chief Financial Officer prior thereto).

Long Term Incentive Plan

Highlights:
- Performance metrics and targets are set up-front and transparent
- Performance period aligns with typical project development horizons
- Two performance metrics: (a) pre-tax distributable cash flow per share, an absolute metric consistent with measurements used by management and investors to evaluate cash flow and which is strongly correlated with shareholder returns; and (b) total shareholder return, a relative measure reflecting our share performance over time compared to a midstream peer group and which aligns with shareholder experience
- The LTIP is not a treasury plan (LTIP Awards are settled in cash or through shares acquired on the open market); therefore awards are not dilutive
- There is no repricing
- Executive officers are only granted performance awards, reinforcing the pay-for-performance link
- Maximum performance multiplier is 2 times
- Guidelines with respect to maximum grants are in place
- If minimum performance thresholds are not met, the payout may be zero

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 a key element in our compensation program design, with an emphasis on encouraging retention and rewarding participants for long term financial performance consistent with the return objectives of our shareholders. It 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. Restricted Awards 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. Performance Awards 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 plan design, administration and the granting of awards.

Step 1: Determine 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.

Step 2: Set 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. Since 2011, the Board, based on the advice of the Compensation and Governance Committee, has selected two performance metrics: (i) average pre-tax distributable cash flow per share over the three year performance period;[2] and (ii) relative total shareholder return in a defined peer group over the three year performance period. These metrics provide the LTIP with a balance between an internal absolute financial measure and an external relative financial measure. The overall payout multiplier is determined by adding the results of the average annual pre-tax distributable cash flow per share performance (weighted at 70%) and the relative peer total shareholder return performance (weighted at 30%). The maximum payout multiplier is two times. The two performance metrics for all of the outstanding LTIP grants are 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 2014, 2015 and 2016 Performance Awards. Therefore the maximum performance level for this metric is 1.4 times (i.e. 70% times the maximum multiplier of 2.0).

[2] See Keyera's 2016 Management Discussion and Analysis which accompanies its 2016 Annual Financial Statements (available on our website at www.keyera.com and on Sedar at www.sedar.com) for a reconciliation of distributable cash flow per share to its most closely related GAAP measure.

- 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.

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 2014, 2015 and 2016 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. Starting in 2015, dividends in this calculation are treated on a reinvestment basis.
- 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 2014, 2015 and 2016 include the following:
  - Altagas Ltd.
  - Enbridge Inc.
  - Enbridge Income Fund Inc.
  - Gibson Energy Inc.
  - Inter Pipeline Ltd.
  - Pembina Pipeline Corp.
  - TransCanada Corp.
  - Veresen Inc.

Step 3: 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, including 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 are no formal weightings 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 with the assistance of Mercer and compared against the peer group.

The guidelines in place at the time of the 2016 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)
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%

Step 4: 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.

Step 5: 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. Our Board 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.

How LTIP Awards were Determined in 2016

How the 2016 Performance Targets were Set

As discussed above, in 2016, the Board, on the advice of the Compensation and Governance Committee, approved the continued application of two performance metrics for the 2016 LTIP Performance Awards. The performance metrics and targets are set up front such that the payouts will be based on the following calculations:

(i) Average pre-tax distributable cash flow per share over the three year performance period as to 70%. The 2016 target was set such that:

- performance that is below target by approximately 18% or more over the three-year performance period will result in this component of the payout multiplier being zero;
- performance that exceeds target by approximately 18% or more will result in this component of the multiplier reaching the maximum of 1.4 times, that is 70% of 2 times; and
- performance between these two end points is calculated on a straight line basis and will therefore result in this component of the payout multiplier being within a range between zero and 1.4 times.

In setting the 2016 pre-tax distributable cash flow per share performance target for Performance Awards, the Board considered a number of factors, including: Keyera's historical performance; forecasts with respect to future performance in various potential scenarios over the three-year performance period (including sensitivity analyses with respect to certain key variables); expected shareholder experience in each of those scenarios; Keyera's anticipated spend profile for capital projects and expected timing for projects to begin contributing to cash flow; macro socio-economic trends and factors in Keyera's business environment that may affect performance; and year over year STIP and LTIP compensation (including targets, corporate performance multipliers and payouts).

The Board was satisfied that slightly adjusting the slope and setting the target for the three year average pre-tax distributable cash flow per share lower than the 2015 target (but above the 2014 target) was appropriate in light of its analysis of the foregoing factors, and in particular the following specific considerations: continued relatively low producer activity; low commodity prices; expected reductions in fees Keyera charges for certain services (including fractionation rates) due to increased capacity coming online in Alberta, lower volumes and increased competition; anticipated curtailments on third party infrastructure; and the scheduled maintenance turnaround at our Alberta EnviroFuels facility. The Board also considered that the 2015 target represented the largest single year over year increase in the pre-tax distributable cash flow per share performance targets since this metric was adopted, and that the 2015 target was based on assumptions with respect to recovery in industry activity that have not materialized as anticipated.

The following table shows the approach to the targets for each of the outstanding LTIP grant years (2014, 2015 and 2016).

2016	Actual Performance[(1)] (approximate)	Impact on the Corporate Performance Multiplier (at 70% weighting)
Maximum	> 118% of target	1.4 times
Target	= target	0.7 times
Minimum	< 82% of target	0 times
2015		
Maximum	> 118% of target	1.4 times
Target	= target	0.7 times
Minimum	< 82% of target	0 times
2014		
Maximum	>118% of target	1.4 times
Target	= target	0.7 times
Minimum	< 91% of target	0 times

Note:

(1) The percentage have been rounded to the nearest whole number. There is a very slight different in slope between 2016 and 2015.

(ii) <u>Relative total shareholder return in a defined peer group over the three year performance period as to 30%</u>. Consistent with past prior year grants, this aspect of the payout multiplier will be calculated as follows:

- in the event that the percentile rank is less than 25, this component of the payout multiplier will be zero;
- in the event that the percentile rank falls between 25 and 50, this component of the payout multiplier will be equal to the product of 0.02 times the percentile rank, with that result then being multiplied by the 30% weighting;
- in the event that the percentile rank falls between 50 and 75, this component of the payout multiplier will be obtained by subtracting 1 from the product of 0.04 times the percentile rank, with that result then being multiplied by the 30% weighting;
- in the event that the percentile rank is greater than 75, this component of the multiplier will reach the maximum of 0.6, that is the product of (i) 2 and (ii) the 30% weighting.

The following table shows the approach to the total shareholder return metric for each of the outstanding LTIP grant years (2014, 2015, 2016).

Relative peer total shareholder return Percentile Rank	Impact on the Corporate Performance Multiplier (at 30% weighting)
Less than 25th	Nil
25th – 49th	0.15 to <0.30 times
50th – 74th	0.30 to <0.60 times
75th and greater	0.60 times

How 2016 LTIP Awards were Determined

In determining the value of LTIP Awards to be granted to Keyera's officers in 2016, our Compensation and Governance Committee and Board took into account the total compensation of each officer in relation to the 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 considered, amongst other things, historical LTIP grant and payout values, corporate progress on several key business and operational initiatives, the development and execution of capital projects, internal equity considerations, comparative pay relative to the peer group (together with input from Mercer), individual performance and retention considerations. 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 2016 along with the applicable delivery dates.

Name and Position	Total Number of Performance Awards Granted in July 2016	Grant Value (as a percentage of base salary)	Delivery Date (on or before)
David G. Smith President and Chief Executive Officer	46,029	350%	September 1, 2019
Steven Kroeker Senior Vice President, Chief Financial Officer	20,832	220%	September 1, 2019
Bradley W. Lock Senior Vice President, Gathering and Processing Business Unit	20,832	220%	September 1, 2019
Dean Setoguchi Senior Vice President, Liquids Business Unit	20,832	220%	September 1, 2019
Suzanne Hathaway Vice President, General Counsel & Corporate Secretary	12,557	150%	September 1, 2019

Settlement of LTIP Awards in 2016

In 2016, Keyera settled the Performance Awards that were granted in 2013. The performance metrics established by the Board for the 2013 Performance Awards and Keyera's actual performance relative to these metrics were as follows:

2013 LTIP Performance Awards Settled in 2016 – Corporate Performance Multiplier					
Target 3 year pre-tax distributable cash flow per share(1)	**Actual 3 year pre-tax distributable cash flow per share**	**Contribution to Corporate Multiplier at 70% Weighting**	**Relative Total Shareholder Return Percentile Rank**	**Contribution to Corporate Multiplier at 30% Weighting**	**Final Corporate Multiplier**
\$1.77	\$2.74	1.4	Above 75th	0.6	2.0

Note:

(1) Adjusted to reflect the two-for-one share split completed in 2015

The settlement value of the 2013 Performance Awards was calculated based on the following :

- <u>A share price of \$39.07</u>: the closing price on August 12, 2016, the last trading day before the delivery date;
- <u>A payout multiplier of 2.00</u>: reflecting Keyera's actual average three year pre-tax distributable cash flow per share performance from July 2013 and through the end of June 2016, which was well above the target set in 2013 and Keyera's top quartile performance relative to the LTIP peer group; and
- <u>An adjustment ratio of 1.11929</u>: 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 Board does not exercise discretion in the calculation of the settlement amounts, such amounts are calculated based on the performance targets established at the beginning of the performance period in accordance with the terms of the LTIP plan text. The following table summarizes the 2013 Performance Awards that were settled with NEOs in 2016.

Name and Position(1)	Number of Performance Awards Settled in 2016(2)	Grant Date Value 2013(3)	Value of Performance Awards Settled in 2016(4)
David G. Smith President and Chief Executive Officer	36,700	\$1,060,263	\$3,209,835
Steven Kroeker Vice President, Chief Financial Officer	13,600	\$392,904	\$1,189,486
Bradley W. Lock Senior Vice President, Gathering and Processing Business Unit	14,400	\$416,016	\$1,259,461
Dean Setoguchi Senior Vice President, Liquids Business Unit	14,400	\$416,016	\$1,259,461
Suzanne Hathaway Vice President, General Counsel & Corporate Secretary	9,600	\$277,344	\$839,653

Notes:

(1) Mr. Smith held the position of President and Chief Operating Officer at the time of the 2013 grants and was appointed President and Chief Executive Officer on January 1, 2015. Mr. Kroeker was Vice President, Chief Financial officer at the time of the 2013 grants and was promoted to Senior Vice President, Chief Financial Officer effective February 3, 2015. Dean Setoguchi was appointed Senior Vice President, Liquids Business Unit on April 3, 2014 at which time he was awarded 7,200 Performance Awards (14,400 Performance Awards when adjusted for the two-for-one share split in 2015) under the 2013 LTIP which was the operable plan at the time.

(2) The number of Performance Awards has been adjusted to reflect the two-for-one stock split in 2015. The total value of Performance Awards settled in 2016 is subject to rounding associated with the two-for-one share split.

(3) The grant date value for the 2013 grants is based on a share price of \$28.89 (on a post-split basis), the closing price of the shares on July 2, 2013 which was the first trading day after the grant date.

(4) The settlement value is based on a share price of \$39.07, which is the closing price of the shares on August 12, 2016, the last trading day before settlement. See the narrative description earlier in this section for a description of the payout multiplier and adjustment ratio that were applied.

Outstanding Number of LTIP Awards

As of December 31, 2016, there were a total of 846,172 Performance Awards and 120,321 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.

2016 Actual Total Direct Compensation: Pay for Performance

Executive compensation was tested against Keyera's performance in a number of ways. In 2016, 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 2016 compared to the prior years. This is in part due to Mr. Bertram's no longer being an NEO, and the lower corporate performance multiplier for the 2016 STIP. 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
2014	$389.0	$10.7	2.8%
2015	$482.1	$9.43	2.0%
2016	$459.6	$8.07	1.8%

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 2016 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 NEOs reported in the Summary Compensation Tables in the information circulars for 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 (ii) the publicly traded companies within the 2016 peer group. The following table highlights Keyera's performance relative to the publicly traded companies within the peer group based on the analysis prepared by Mercer to assist the Committee in its analysis of comparable pay-for-performance.

Keyera's Performance Relative to the 2016 Peer Group			
Measure[(1)]	**1 year**	**3 year**	**5 year**
Revenue Growth	Between 50th and 75th percentile	50th percentile	Above 50th percentile
EBITDA Growth	Above 75th percentile	Near 100th percentile	Above 75th percentile
Earnings per Share Growth	100th percentile	100th percentile	Near 100th percentile
Return on Assets	100th percentile	100th percentile	Near 100th percentile
Return on Equity	100th percentile	100th percentile	100th percentile
Return on Investment	100th percentile	100th percentile	100th percentile
Total Shareholder Return[(2)]	50th percentile	100th percentile	Near 100th percentile

Notes:

(1) Growth and return measures (other than Total Shareholder Return) were based on the most recent 12 months as of August 31, 2016. 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 August 2016.

As can be seen above, Keyera's overall performance compares very favourably to the 2016 peer group by almost all metrics over one, three and five year horizons. Based on the benchmarking analysis prepared by Mercer, actual total direct compensation for most of Keyera's NEOs in 2016 was generally within 10% of the 50th percentile compared to the 2016 proxy peer group (slightly higher for the Senior Vice President, Chief Financial Officer).

The Board of Directors recognizes the importance of (i) offering a competitive compensation program that will achieve its objectives; (ii) compensating NEOs for the business, operational and financial success we have 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 2017.

Consistent with previous years, in the fall of 2016, the Compensation and Governance Committee, as part of its review and monitoring of total direct compensation and pay mix for executive officers, reviewed Keyera's overall compensation program in the context of the updated market data from Mercer incorporating the 2016 peer group, to help inform future compensation decisions. The review identified that total compensation at target for most executive officers, including the NEOs, was below median. This resulted in certain adjustments to the STIP ranges in 2017 as discussed under "Short Term Incentive Plan" in this CD&A.

Pay Mix

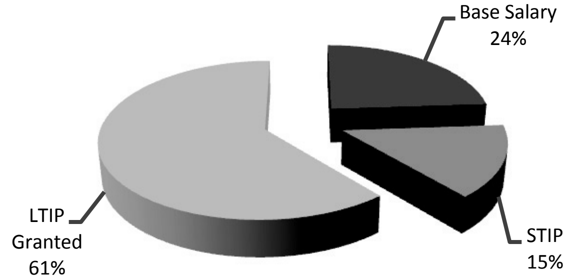
NEO Pay Mix: The target pay mix for Keyera's NEOs is more heavily weighted to variable incentive compensation which aligns with Keyera's pay-for-performance model. Within the variable compensation mix, there is greater weight on long-term incentive compensation which aligns with Keyera's approach to 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 2016 on the basis of:

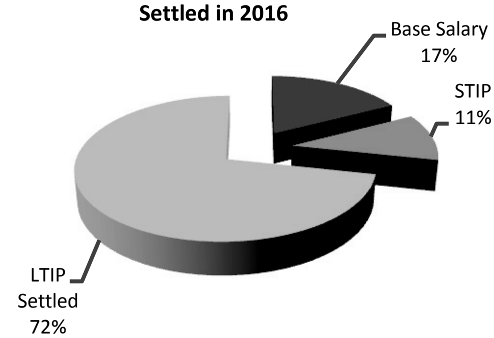
(1) Graph 1: actual 2016 base salary, 2016 STIP earned for the performance year and grant date value of the 2016 LTIP Awards (all as presented in the Summary Compensation Table under "Compensation of the Named Executive Officers"); and

(2) Graph 2: actual 2016 base salary, 2016 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 2016 (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").

Graph 1: 2016 NEO Pay Mix 2016 Base Salary, 2016 STIP Earned, 2016 LTIP Grant Value



Graph 2: 2016 NEO Pay Mix 2016 Base Salary, 2016 STIP Earned, Value of LTIP Awards Settled in 2016

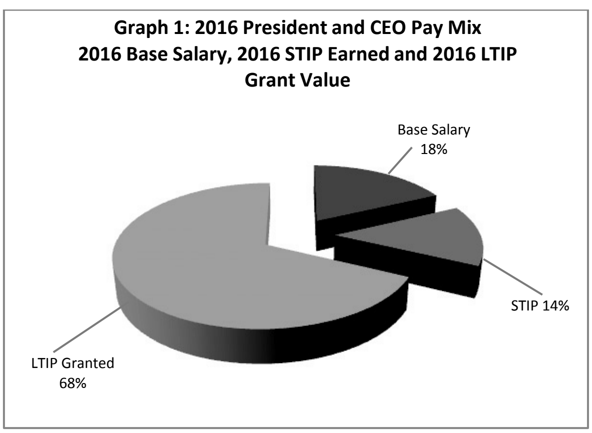


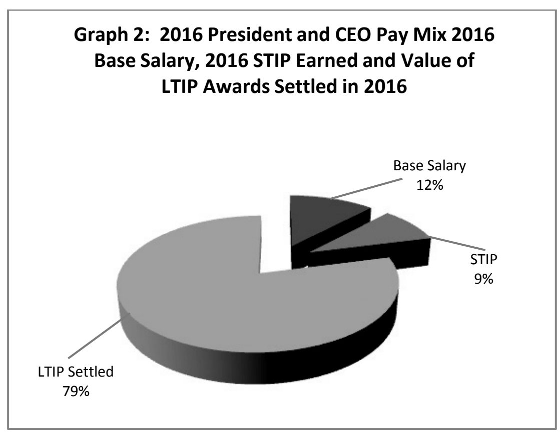
Chief Executive Officer Pay Mix: With respect to compensation of the Chief Executive Officer, this was the second full year that Mr. Smith has been President and Chief Executive Officer. The key factors that contributed to the determination of Mr. Smith's actual total direct compensation levels in 2016 included: successful development in his new role; the strong financial performance by Keyera (including its continued strong share price during 2016), particularly in light of the challenges faced in the oil and gas sector; the execution of strategic business initiatives; the completion of key growth projects and continued development of various other projects; execution of a number of strategic acquisitions; (See "Compensation Discussion and Analysis – Performance Analysis"); a very strong investor relations and outreach program, including Mr. Smith being awarded "Best Investor Relations by a CEO (Small & Mid–Cap)" by IR Magazine; the achievement of cost reductions and efficiencies; the advancement of Keyera's enterprise risk assessment initiatives; and the strong interpersonal skills demonstrated by Mr. Smith on a consistent basis. Mr. Smith's pay mix in 2016 was consistent with the pay mix pattern for other NEOs, 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 2016 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 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 2016 base salary, STIP earned for the 2016 performance year and grant date value of the 2016 LTIP Awards (all as presented in the Summary Compensation Table under "Compensation of the Named Executive Officers"); and

(2) Graph 2: actual 2016 base salary, STIP earned for the 2016 performance year (as presented in the Summary Compensation Table under "Compensation of the Named Executive Officers") and the value of LTIP Awards settled in 2016 (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, our executive officers participate in the same pension and benefit programs as other Keyera employees. Keyera's pension plan is a defined contribution pension plan. We do not offer a defined benefit pension plan to any of our 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 2016 was $26,010. 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. 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 or she 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. LTIP Awards granted to officers are not included in the calculation of their shareholdings. All of the NEOs meet the ownership guidelines. The following table sets forth the share ownership guidelines and share holdings of the NEOs as of March 1, 2017.

Named Executive Officer	Minimum Share Ownership Requirement	Number of Shares Beneficially Owned or Controlled as of March 1, 2017	Total Value of Shares as of March 2, 2017[(1)]	Value of Shares as of March 1, 2017 as a Multiple of Annual Base Salary[(2)]
David Smith President and Chief Executive Officer	3 x base salary	521,504	$20,442,957	41 times
Steven Kroeker Senior Vice President, Chief Financial Officer	2 x base salary	79,080	$3,099,936	9 times
Bradley Lock Senior Vice President, Gathering and Processing Business Unit	2 x base salary	149,742	$5,869,886	16 times
Dean Setoguchi Senior Vice President, Liquids Business Unit	2 x base salary	163,089	$6,393,089	18 times
Suzanne Hathaway Vice President, General Counsel & Corporate Secretary	1 x base salary	24,249	$950,560	3 times

Notes:

(1) In accordance with Keyera's Share Ownership Guidelines, the value of shares is based on the 30 day average closing price up to and including March 1, 2017 which was $39.20 per share.

(2) Multiple calculated by dividing the total value of shares as of March 1, 2017 by the base salary paid to each NEO in 2016 as identified in the compensation table under the heading "Compensation of the Named Executive Officers – Summary Compensation Table", rounded to the nearest whole number.

Summary of How We Mitigate 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. Our Board and committees have continued to focus on risk management and strengthening the alignment of Keyera's compensation and governance practices with its approach to risk mitigation.

Hedging Guidelines

We have adopted anti-hedging guidelines stating that directors and officers of Keyera are 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 implemented 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 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 will exercise sound business judgment and consider all relevant factors in determining appropriate recourse.

Other Measures We Use To Mitigate Compensation Risk

In addition to our anti-hedging guidelines and clawback policy, we employ a number of strategies to manage compensation risk, including:

- Compensation plans incorporate elements of discretion for our Board thereby permitting risk adjustments to be made so that payouts are not overly influenced by an unusual result in a given area.
- Our Audit Committee oversees the financial risks associated with Keyera's business, our Health, Safety and Environment Committee is responsible for overseeing operational and business risks and our 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 construction and commencement of operations 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.
- Our 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.

How We Use Compensation Consultants

Overview

As described above, Keyera's compensation programs and assessment of competitive levels of compensation are determined with the assistance of a professional compensation advisor.

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. As in prior years, the Compensation and Governance Committee retained Mercer to provide advice with respect to 2016 executive compensation.

The Committee also retains Mercer to provide research, advice and recommendations with respect to compensation of the directors. In 2016, the Committee engaged Mercer to review and provide recommendations with respect to the compensation of our Chair and Independent Lead Director.

In 2016, the Compensation and Governance Committee also retained Hugessen with a mandate to review and provide recommendations with respect to the design of our STIP. The Committee had previously engaged Hugessen in 2010 to assist with a review of Keyera's incentive compensation programs and plan structure.

The advice that the Committee receives from compensation consultants 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 2015 and 2016, fees billed for services provided to Keyera by Mercer and Hugessen were as follows:

Year Ended December 31	2016	2015
Executive Compensation Fees paid to Mercer	$54,403	$54,053
All Other Fees paid to Mercer	$16,941	$14,879
Mercer Total	**$71,344**	**$68,932**
Executive Compensation Fees Paid to Hugessen	$31,971	Nil
All Other Fees Paid to Hugessen	Nil	Nil
Hugessen Total	**$31,971**	**Nil**

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

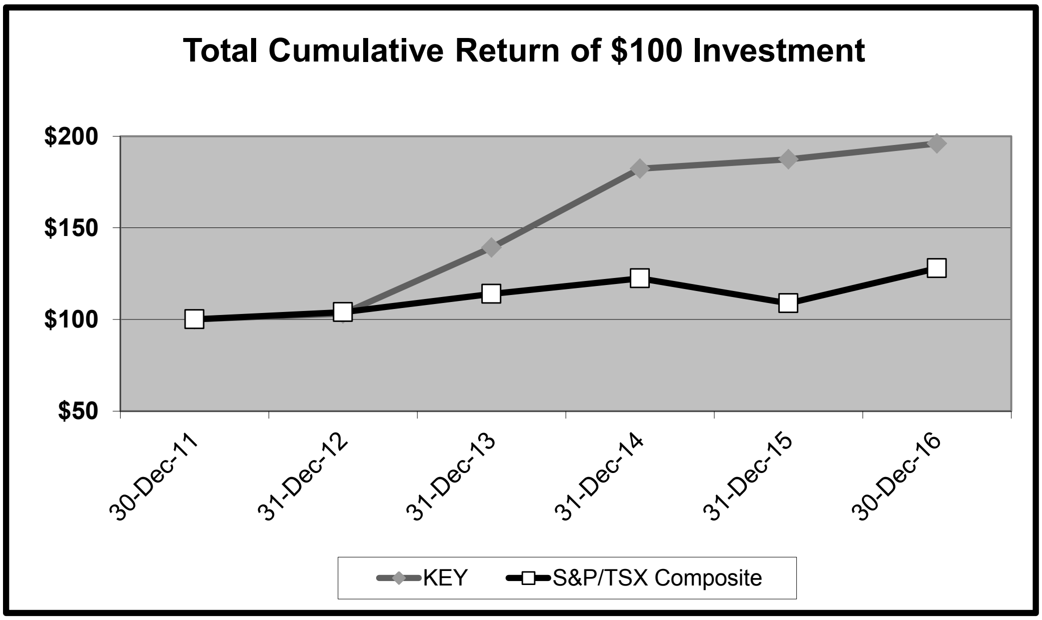
- Executive Compensation Fees: Fees for services related to the analysis of Keyera's director and officer compensation programs.
- All Other Fees: Fees for Keyera's participation in annual market surveys (Mercer) or other advisory services.

Pre-approval Policy

The Compensation and Governance Committee has 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.

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, 2011 through December 31, 2016. On December 30, 2016, which was the last trading day in 2016, the closing price of the shares on the TSX was $40.46. The shares are listed on the TSX under the symbol KEY.



	30-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	30-Dec-16
KEY	$100	$103	$139	$182	$187	$196
S&P/TSX Composite	$100	$104	$114	$122	$109	$128

Our 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 2016. As evidenced by the Performance Graph above, Keyera's shares continued to significantly outperform the TSX Composite Index. The record financial performance in our facilities segments (Gathering and Processing and Liquids Infrastructure), combined with the growth projects, risk management strategies and the cost reduction initiatives that were undertaken in 2016, all taken in the context of the challenging overall economic environment, were notable achievements by our leadership team. Further, given that we were able to meet or exceed the financial targets under our incentive plans our Compensation and Governance Committee and Board of Directors were of the view that the actual total direct compensation for NEOs was appropriate.

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".

			Equity Incentive Plan Compensation		Non-Equity Incentive Plan Compensation				
Name and Position	Year	Salary(1) ($)	Share-Based Awards (2) ($)	Option-Based Awards ($)	Annual Incentive Plans (3) ($)	Long-Term Incentive Plans ($)	Pension Value(4) ($)	All Other Compen-sation(5) ($)	Total Compen-sation ($)
David G. Smith(6) President and Chief Executive Officer	2016	500,000	1,837,478	Nil	378,000	Nil	49,992	N/A	2,765,470
	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
Steven Kroeker(7) Senior Vice President, Chief Financial Officer	2016	360,000	831,613	Nil	213,840	Nil	36,000	N/A	1,441,453
	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
Bradley W. Lock Senior Vice President, Gathering and Processing Business Unit	2016	360,000	831,613	Nil	229,680	Nil	36,000	N/A	1,457,293
	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
Dean Setoguchi(8) Senior Vice President, Liquids Business Unit	2016	360,000	831,613	Nil	213,840	Nil	28,800	N/A	1,434,253
	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
Suzanne Hathaway Vice President General Counsel & Corporate Secretary	2016	299,000	501,275	Nil	137,984	Nil	29,892	N/A	968,151
	2015	290,000	445,832	Nil	177,480	Nil	23,690	N/A	937,002
	2014	268,921	438,480	Nil	209,759	Nil	21,504	N/A	938,664

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.

(2) The effective date of the 2016 grants under the LTIP was July 1, 2016. The dollar amount disclosed for the 2016 grants is based on a share price of $39.92, which was the share closing price on July 4, 2016, the first trading day after the effective date of the awards. 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. As of December 30, 2016, the share closing price was $40.46. Where applicable, 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 2014, 2015 or 2016.

(6) 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.

(7) 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.

(8) 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 vested in 2016. The total value of share based awards reported for 2014 therefore includes the grant of 7,200 Performance Awards (14,400 Performance Awards when adjusted for the two-for-one share split completed in 2015) which were granted in April 2014, as well as 9,400 Performance Awards (18,800 Performance Awards when adjusted for the two-for-one share split completed in 2015) 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" for a full description of these plans). 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)]
David G. Smith President and Chief Executive Officer	127,082	5,801,392	Nil
Steven Kroeker Senior Vice President, Chief Financial Officer	57,865	2,641,349	Nil
Bradley W. Lock Senior Vice President, Gathering and Processing Business Unit	60,734	2,771,831	Nil
Dean Setoguchi Senior Vice President, Liquids Business Unit	57,865	2,641,349	Nil
Suzanne Hathaway Vice President, General Counsel & Corporate Secretary	34,262	1,563,938	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.

(2) The value of the LTIP Awards has been calculated assuming a share price of $40.46 (which was the closing price of Keyera shares on December 30, 2016), a target payout multiplier of 1x and an adjustment ratio based on Keyera's dividend as of March 2017 of $0.1325 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 2016, along with the value of the STIP awards that were earned for 2016.

Name and Position[(1)]	Share Based Awards – Value Vested During the Year	Non-Equity Incentive Plan Compensation – Value Earned during the Year[(2)]
David G. Smith President and Chief Executive Officer	$3,209,835	$378,000
Steven Kroeker Senior Vice President, Chief Financial Officer	$1,189,486	$213,840
Bradley W. Lock Senior Vice President, Gathering and Processing Business Unit	$1,259,461	$229,680
Dean Setoguchi Senior Vice President, Liquids Business Unit	$1,259,461	$213,840
Suzanne Hathaway Vice President, General Counsel & Corporate Secretary	$839,653	$137,984

Notes:

(1) Effective January 1, 2015, 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 2016 performance, but which were paid to the NEOs in cash in the first quarter of 2017.

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 ($)
David G. Smith President and Chief Executive Officer	675,629	49,992	816,455
Steven Kroeker Senior Vice President, Chief Financial Officer	211,184	36,000	250,506
Bradley W. Lock Senior Vice President, Gathering and Processing Business Unit	370,775	36,000	439,199
Dean Setoguchi Senior Vice President, Liquids Business Unit	50,042	28,800	79,574
Suzanne Hathaway Vice President, General Counsel & Corporate Secretary	165,402	29,892	220,363

Notes:

(1) Effective January 1, 2015, 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)
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
Suzanne Hathaway Vice President, General Counsel & Corporate Secretary	October 3, 2005

Notes:

(1) Messrs. Smith, Kroeker and Lock and Ms. Hathaway have held various positions within Keyera since the pension plan service date.

(2) Messrs. Smith and Lock have been recognized for their years of service with Keyera's predecessor organizations. The service dates for Mr. Smith includes his 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, 2016.
- 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 $40.46 (which was the closing price of shares on December 30, 2016, the last trading day in December), 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 or she 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	Smith ($)	Kroeker ($)	Lock ($)	Setoguchi ($)	Hathaway ($)
Salary/Severance	Nil	Nil	Nil	Nil	Nil
STIP(1)	378,000	213,840	229,680	213,840	137,984
Other Benefits	Nil	Nil	Nil	Nil	Nil
LTIP(2)	5,801,392	2,641,349	2,771,831	2,641,349	1,563,938
TOTAL PAYOUT	6,179,392	2,855,189	3,001,511	2,855,189	1,701,922

Notes:

(1) For those NEOs who have not reached the age of 55, this calculation assumes that the Board exercises discretion to treat the NEO as if he or she has reached this age.

(2) 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 $40.46 throughout the performance periods which is the closing price of the shares on December 30, 2016; (ii) that current dividends, as of the March 2017 dividend, of $0.1325 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 or that the Board has exercised its discretion to treat the NEO as if he or she had reached 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	Smith ($)	Kroeker ($)	Lock ($)	Setoguchi ($)	Hathaway ($)
Salary/Severance(1)	Nil	Nil	Nil	Nil	Nil
STIP(2)	378,000	213,840	229,680	213,840	137,984
Other Benefits	Nil	Nil	Nil	Nil	Nil
LTIP	7,106,995	3,260,841	3,467,953	3,260,841	1,933,542
TOTAL PAYOUT	7,484,995	3,474,681	3,697,633	3,474,681	2,071,526

Notes:

(1) Assumes that the salary for the last pay period had already been paid on December 31, 2016 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 2016 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	Smith ($)	Kroeker ($)	Lock ($)	Setoguchi ($)	Hathaway ($)
Salary/Severance(1)	1,041,667	720,000	870,000	720,000	616,000
STIP(2)	1,067,500	609,840	601,920	605,880	354,960
Other Benefits(3)	68,695	62,023	71,004	60,259	58,574
LTIP(4)	5,220,122	2,411,824	2,606,532	2,411,824	1,428,705
TOTAL PAYOUT	7,397,985	3,803,687	4,149,455	3,797,963	2,458,240

Notes:

(1) Basic severance for Mr. Setoguchi and Ms. Hathaway 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.

(3) The benefits value for Mr. Setoguchi and Ms. Hathaway 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	Smith ($)	Kroeker ($)	Lock ($)	Setoguchi ($)	Hathaway ($)
Salary/Severance[(1)]	1,041,667	720,000	870,000	720,000	616,000
STIP[(2)]	1,067,500	609,840	601,920	605,880	354,960
Other Benefits[(3)]	68,695	62,023	71,004	60,259	58,574
LTIP[(4)]	5,533,782	2,555,193	2,740,293	2,555,193	1,518,894
TOTAL PAYOUT	7,711,645	3,947,056	4,283,216	3,941,332	2,548,428

Notes:

(1) Basic severance for Mr. Setoguchi and Ms. Hathaway 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.

(3) The benefits value for Mr. Setoguchi and Ms. Hathaway 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, 2017 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, 2017.

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, before interest, taxes, depreciation, amortization, accretion, impairment expense, unrealized gains/losses and any other non-cash items such as gains/losses on the disposal of property, plant and equipment) 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. Adjusted 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 2016 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 and 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 22, 2017) 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;**
- **VOTE FOR the Shareholder Rights Plan Resolution; 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 5, 2017 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 5, 2017 (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;**
- **FOR the Shareholder Rights Plan Resolution; 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;**
- **FOR the Shareholder Rights Plan Resolution; and**
- **FOR the Say on Pay Advisory Resolution.**

16) How many shares are outstanding?

As of the date of this Information Circular, Keyera had 186,884,060 shares 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"
SHAREHOLDER RIGHTS PLAN – SUMMARY

The following is a summary of the principal terms of the Shareholder Rights Plan, which is qualified in its entirety by reference to the text of the Shareholder Rights Plan, which is available on the Keyera website at www.keyera.com.

Overview: The Shareholder Rights Plan provides a mechanism, similar to that required by the Legislative Amendments, whereby a take-over bid must remain open for at least 105 days (unless shortened by Keyera in accordance with the legislation) and must remain open for a further 10 days after the acquiring person publicly announces that the shares deposited or tendered and not withdrawn constitute more than 50% of the shares outstanding held by independent shareholders. Keyera will issue new rights ("Rights") on the date of the Meeting to all shareholders pursuant to the terms of the Shareholder Rights Plan. One Right will be issued for each outstanding Share on the date of the Meeting and one Right will be issued for each Share issued after the date of the Meeting and prior to the earlier of the separation time (as described below) and the termination of the Shareholder Rights Plan. The Rights will automatically trade with and be transferred with their underlying shares unless and until an event occurs that causes a separation, which would include a flip-in event (as described below) or the announcement of an intention to commence a take-over bid (other than Permitted Bid). The Rights are not exercisable unless and until there is such a separation. The issuance of the Rights does not change the manner in which shareholders currently trade their shares.

A flip-in event would occur if a person were to become an acquiring person, that is, if a person acquires beneficial ownership of at least 20% of the shares other than pursuant to certain exceptions such as a Permitted Bid or an exempt acquisition. If the person acquires shares under a Permitted Bid or exempt acquisition or one of the other specified exceptions, they are not considered to be an acquiring person and no flip-in event occurs. If a person does become an acquiring person, each Right then entitles each holder (other than the acquiring person) to purchase shares at a 50% discount. Each holder of a Right may then purchase that number of shares having a fair market value at the relevant time equal to twice the exercise price for an amount equal to the exercise price, in effect permitting shares to be acquired at a 50% discount to the market price at the time of exercise.

The acquiring person is not permitted to exercise any Rights. The Shareholder Rights Plan provides that the acquiring person's Rights become null and void when the flip-in event occurs. The Shareholder Rights Plan also provides that the Board of Directors may either waive the Shareholder Rights Plan or redeem the Rights at a minimal price in certain circumstances. The Shareholder Rights Plan thereby encourages unsolicited bidders to either make a Permitted Bid or to approach the Board of Directors with their offer and attempt to convince the Board of Directors to either waive the flip-in event or to redeem the Rights. If the offer is coercive or inadequate, the Board of Directors can choose not to cooperate with the bidder and not to agree to waive the Shareholder Rights Plan or redeem the Rights.

Key Characteristics: The key characteristics of the Shareholder Rights Plan are described in more detail below:

- Creation and Issuance of Rights. Pursuant to the Shareholder Rights Plan, Keyera will issue one Right for each Share outstanding on May 9, 2017, being the date of the Meeting, and will issue one Right for each additional Share issued after May 9, 2017 but prior to the separation time or the expiry of the Rights. Certificates issued for shares after May 9, 2017 (but prior to the close of business at the separation time or the expiry of the Rights) will include a legend evidencing the Rights. Certificates issued for shares while the Original Plan was in place may have a legend referencing the Original Plan, which will be deemed to reference the new Shareholder Rights Plan instead. Notwithstanding the foregoing, certificates representing shares that were issued prior to approval of the Shareholder Rights Plan do not require a legend to evidence the Rights.

- Term of Shareholder Rights Plan. The Shareholder Rights Plan must be reconfirmed by shareholders every three years to remain in effect. It may also be terminated earlier by the Board of Directors in certain circumstances.

- Separation Time. The Rights can become separated or unstapled from the shares to which they are attached and then trade separately from the shares. This separation time will generally only occur on the close of business on the 10th trading day after the earlier of: (a) the first date of public disclosure of facts indicating that a person has become an acquiring person (i.e. that there has been a flip-in event); (b) the date of commencement or first public announcement of a non-permitted take-over bid; or (c) the date on which a Permitted Bid ceases to qualify as a Permitted Bid. Unless and until the separation time occurs, the Rights will continue to be attached to and trade with the shares.

- Flip-in Event. When a person becomes an acquiring person, all Rights holders, other than the acquiring person, are entitled to purchase shares at a 50% discount to market price at the time of exercise.

- Acquiring Person. An acquiring person is a person that becomes the beneficial owner of 20% or more of the outstanding shares, subject to the following exemptions: a voting share reduction (generally, a repurchase or redemption of shares by Keyera which has the effect of increasing the person's or company's percentage ownership of Keyera); a permitted bid acquisition (an acquisition of shares made pursuant to a Permitted Bid or Competing Permitted Bid); an exempt acquisition (an acquisition in respect of which the Board of Directors has waived the application of the Shareholder Rights Plan or an acquisition made pursuant to a Shareholder-approved transaction such as an amalgamation or arrangement or an acquisition made as an intermediate step in a larger transaction where the acquiring party has then distributed the shares out to its security holders); and a *pro rata* acquisition (generally, the acquisition of shares pursuant to a rights offering, public offering or private placement to the extent necessary to prevent dilution of the person's or company's shareholding).

- Beneficial Ownership, Exemptions for Portfolio Managers and Others, and Permitted Lock-up Agreements. In determining whether a person has become an acquiring person, all shares over which the person has beneficial ownership must be included. A person is deemed to beneficially own any shares which are owned by its associates or affiliates or by persons or companies "acting jointly or in concert" with such person for the purpose of acquiring shares and any shares which it has the right to vote or the right to acquire within 60 days. Specific exclusions clarify that portfolio managers, fund managers, trust companies, crown agents engaged in the management of investment funds and pension plan and registered plan administrators are not caught simply because they may have the right to vote shares managed by them for others. In addition, to the extent there are any shareholders holding at least 20% of the outstanding shares as of May 9, 2017, such shareholders would be grandfathered and would not trigger a flip-in event as a result of their current holdings, but would become an acquiring person upon the acquisition of additional shares amounting to more than 1% of the outstanding shares. Keyera is not aware of any such 20% Shareholder.

A person may also be considered to be the beneficial owner of shares that are subject to a lock-up agreement. A lock-up agreement is an agreement under which a Shareholder (a "**Locked-Up Shareholder**") agrees to deposit or tender its shares to a particular bid (the "**Lock-Up Bid**"). The person who makes the Lock-Up Bid will be deemed to be the beneficial owner of the shares of the Locked-Up Shareholder unless the agreement it enters into with the Locked-Up Shareholder is a "permitted lock-up agreement". In order for a lock-up agreement to constitute a "permitted lock-up agreement", certain conditions must be met (a "**Permitted Lock-Up Agreement**").

A Permitted Lock-Up Agreement is one which permits the Locked-up Shareholder to withdraw its shares from the lock-up to tender to another take-over bid or support another transaction that will provide greater value to the Locked-Up Shareholder than the Lock-Up Bid, subject to certain exceptions. If the Lock-Up Bid is for less than 100% of the shares, a Permitted Lock-Up Agreement must also permit the Locked-Up Shareholder to withdraw its shares from the lock-up to tender to another take-over bid or support another transaction offering to acquire a greater number of shares for at least the same consideration per Share, again subject to certain exceptions. A Permitted Lock-Up Agreement is not allowed to require a Locked-Up Shareholder to pay excessive fees, penalties, expense reimbursement or other amounts if it fails to deposit or tender its shares to the Lock-Up

Bid or withdraws shares previously tendered in order to deposit such shares to another take-over bid or support another transaction.

- Permitted Bids and Competing Permitted Bids. An offeror can avoid causing a flip-in event by making a bid that meets all of the requirements of the Shareholder Rights Plan (a "**Permitted Bid**"). A Permitted Bid must: (i) be made by way of a take-over bid circular; (ii) be made to all shareholders of record, other than the offeror, for all or a portion of the shares outstanding; (iii) be open for acceptance for at least 105 days (or such shorter period as permitted by securities legislation); (iv) require a minimum deposit of more than 50% of the shares held by independent shareholders (i.e., generally, shareholders who are not, or are not related to, the acquiring person); (v) unless the take-over bid is withdrawn, allow the shares to be deposited up to the close of business on the first date on which the deposited shares are taken up or paid for; (vi) allow the shares deposited pursuant to the take-over bid to be withdrawn until they are taken up and paid for; and (vii) if the required minimum amount of shares are deposited, require the offeror to make a public announcement of that fact and leave the take-over bid open for deposits of shares for an additional 10 days after the announcement.

The Shareholder Rights Plan also allows for a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid is a take-over bid that is made after a Permitted Bid has been made but prior to its expiry, termination or withdrawal and that satisfies all the requirements of a Permitted Bid as described above, except that no shares can be taken up or paid for prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must remain open for deposits.

- Redemption Rights and Waiver. An offeror can also avoid causing a flip-in event by negotiating with the Board of Directors and convincing them to allow a take-over bid that is not a Permitted Bid but is made fairly to all holders of shares. In such circumstances, the Board of Directors can waive the flip-in event and deem the take-over bid to be an exempt acquisition such that the reduced exercise price does not come into effect. Any such waiver in respect of a particular take-over bid will also constitute a waiver of any other take-over bid made to all holders of shares during the period when the first take-over bid is outstanding. The Board of Directors can also waive the flip-in event in certain other circumstances; for example, if a person has inadvertently become an acquiring person and within a specified period of time reduces its shareholdings.

Further, the Shareholder Rights Plan permits the Board of Directors to redeem (buy back and cancel) the Rights for a nominal price ($0.00001 per Right) in certain circumstances. The redemption right must generally be made for all and not less than all the Rights and must be made prior to the occurrence of a flip-in event.

- Exercise Price. The exercise price is three times the current market value of the shares from time to time. Before a flip-in event, a Rights holder would receive one Share upon the exercise of a Right, the effect of which is to render the Rights of little or no value at the time of issue. After a flip-in event, all Rights holders, other than the acquiring person, would be entitled to purchase shares at a 50% discount to the market value, effectively entitling the Rights holders to acquire six shares upon the exercise of each Right. The Exercise Price and the number of Rights are subject to adjustment from time to time upon the occurrence of certain events, including a subdivision or consolidation of the shares, the declaration of a dividend payable through the issuance of certain securities or the issuance of certain securities in exchange for or in lieu of shares.

- Trading of Rights. Until the separation time, the Rights will be evidenced by the outstanding certificates for shares and the Rights may be transferred with, and only with, the shares. Unless and until the separation time occurs (or earlier termination or expiration of the Rights), the surrender for transfer of a certificate representing shares will also constitute the transfer of the Rights associated with the shares represented by the certificate. If the separation time occurs, Keyera will either mail separate certificates evidencing the Rights or otherwise register the Rights in an uncertificated "book entry form", but in either case will maintain a separate register for the holders of Rights.

- Deemed Redemption. The Shareholder Rights Plan provides that, in the event a person acquires shares pursuant to a Permitted Bid or an exempt acquisition, the Rights are no longer valid and are deemed to have been redeemed by the Board of Directors.

Summary of the Differences Between the Original Plan and the New Shareholder Rights Plan: The following is a summary of the material differences between the Original Plan and the new Shareholder Rights Plan, which is qualified in its entirety by reference to the text of the Shareholder Rights Plan.

- the minimum period that a take-over bid must remain open for the bid to constitute a "Permitted Bid" that does not trigger the separation of the Rights under the Shareholder Rights Plan was changed to 105 days (or such shorter period as permitted by legislation) to align with the Legislative Amendments, which is an increase from the 60 day period required by the Original Plan;

- the minimum period that a "Competing Permitted Bid" must remain open was amended to be the applicable period required by the amended take-over bid legislation (instead of the later of 35 days and the expiry date of the Permitted Bid as provided in the Original Plan);

- the definition of "Exempt Acquisition" was expanded to include shares acquired pursuant to a Shareholder-approved transaction such as an amalgamation or plan of arrangement and shares acquired as an intermediate step in a larger transaction where the acquiring party has then distributed the shares out to its security holders;

- the definition of "Beneficial Ownership" was amended to exclude shares that a person has the right to acquire pursuant to a Shareholder-approved transaction such as an amalgamation or plan of arrangement;

- the definition of a "Permitted Lock-Up Agreement" was amended so as to enable a Locked-Up Shareholder to withdraw from the lock-up in certain circumstances where the Lock-Up Bid is for less than 100% of the shares and the alternative take-over bid or other transaction is for a greater number of shares at the same or greater price per Share;

- the redemption provisions were amended such that Keyera will only be required to make a payment to any particular Shareholder for the redemption of their Rights if the required payment is at least $10;

- amendments were made to permit book-entry form registration of Rights instead of requiring Rights certificates in the event that there is a separation time and the Rights separate from the shares; and

- the term of the agreement has changed from six years (requiring Shareholder approval after three years) to an indefinite term (but still requiring Shareholder approval ever three years).

SCHEDULE "C"
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:

1. 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
2. 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 fulfills 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:

1. planning its composition and size;
2. selecting its Chair and its Independent Lead Director (if the Chair is not independent);
3. seeing that an effective Board is maintained by nominating candidates for election to the Board;
4. 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;
5. establishing and modifying as necessary the Board's mandate and the position description for the Chair and the Independent Lead Director;
6. determining director compensation; and
7. 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.

KEYERA

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