



PEMBINA PIPELINE CORPORATION

Premium Dividend™ and Dividend Reinvestment Plan

QUESTIONS AND ANSWERS

The following series of questions and answers explains some of the key features of the Premium Dividend™ and Dividend Reinvestment Plan (the "**Plan**") of Pembina Pipeline Corporation ("**Pembina**") dated October 1, 2010, as amended on April 4, 2013 and amended and restated on January 6, 2016.

The answers are, however, of a summary nature only, and are expressly subject to the complete text of the Plan, a copy of which may be obtained from the Plan Agent (as defined below) or Pembina at any time upon request or from Pembina's website at www.pembina.com. Shareholders of Pembina should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.

1. What does the Plan offer?

If you are an eligible holder ("**Shareholder**") of common shares ("**Shares**") of Pembina as described in the Plan and summarized under Question #4 below, the Plan provides an opportunity for you to receive, by reinvesting the cash dividends ("**Dividends**") declared payable by Pembina on your Shares, either:

- (a) additional Shares at a discount of up to 5% to the Average Market Price (as defined in the Plan) as determined by the board of directors of Pembina (the "**Board**") from time to time, which new Shares will be issuable pursuant to the "**Dividend Reinvestment Component**" of the Plan; or
- (b) a premium cash payment (the "**Premium Dividend™**") equal to 101% of the amount of your reinvested Dividends, which payment will be made pursuant to the "**Premium Dividend™ Component**" of the Plan,

in either case upon and subject to the terms and conditions of the Plan.

The applicable discount under the Dividend Reinvestment Component is the Dividend Reinvestment Discount (as defined in the Plan). The Dividend Reinvestment Discount has been initially set at 3%, however, such discounts may be changed from time to time, at Pembina's election, during the term of the Plan. In addition, such discounts are subject to a 5% maximum.

Participation in either the Premium Dividend™ Component or the Dividend Reinvestment Component will involve the reinvestment of your Dividends in new Shares. New Shares acquired under the Premium Dividend™ Component will be disposed of through a designated broker (the "**Plan Broker**"), currently Canaccord Genuity Corp., in exchange for the Premium Dividend™ and new Shares acquired under the Dividend Reinvestment Component will be accumulated and held for your account under the Plan.

Unless otherwise announced by Pembina, only Shareholders who are resident in Canada may participate in the Premium Dividend™ Component.

You are not required to participate in the Plan. If you do not elect to participate, then you will continue to receive your regular Dividends in the normal manner.

In order to participate in either the Dividend Reinvestment Component or the Premium Dividend™ Component, you must enroll in the Plan directly or indirectly through the broker, investment dealer, financial institution or other nominee through which you hold your Shares ("*your broker*").

2. How does participating in the Plan result in my receiving the Premium Dividend™ or additional Shares?

Participation in either the Premium Dividend™ Component or the Dividend Reinvestment Component involves the reinvestment of your regular Dividends (after the deduction of any applicable withholding taxes) in new Shares purchased on your behalf from Pembina.

If you are validly enrolled in the Premium Dividend™ Component, either directly or indirectly through your broker, new Shares purchased through reinvestment of your Dividends will be disposed of through the Plan Broker in exchange for the Premium Dividend™, which will in turn be remitted to you by the plan agent (currently Computershare Trust Company of Canada) (the "*Plan Agent*") directly or through your broker, as applicable, in the same manner that regular Dividends are paid by Pembina. If you are validly enrolled in the Dividend Reinvestment Component, new Shares purchased through reinvestment of your Dividends will be credited to your account under the Plan or, if you are enrolled through your broker, with your broker.

3. What are the advantages of the Plan?

The Dividend Reinvestment Component provides a convenient and cost-effective way for you to increase your investment in Pembina without incurring commissions, service charges or similar fees in connection with the purchase of new Shares from treasury (subject to any fees that may be charged by your broker). The new Shares purchased with reinvested Dividends will be bought at the Dividend Reinvestment Discount to the Average Market Price, with such discounts to be determined from time to time by the Board, in the case of the Dividend Reinvestment Component, and at a 3% discount to the Average Market Price, in the case of the Premium Dividend™ Component. Subject to the policies of your broker, full investment of reinvested funds is possible since fractions of Shares can be credited to accounts maintained under the Plan.

The Premium Dividend™ Component provides a means by which you can, in effect, increase your cash receipts by 1% through reinvestment of your regular Dividends in new Shares and the disposition of such new Shares for the Premium Dividend™, being a cash amount equal to 101% of the reinvested Dividends.

4. Is the Plan available to all Shareholders?

Your eligibility to participate in either the Premium Dividend™ Component or the Dividend Reinvestment Component will depend on whether you meet the residency and other criteria set forth in the Plan.

Residents of Canada. Shareholders who are resident in Canada may participate in either the Dividend Reinvestment Component or the Premium Dividend™ Component.

Residents of the United States. Shareholders who are resident in the United States or otherwise a "U.S. person" as that term is defined in Regulation S under the United States Securities Act of 1933, as amended (including, without limitation, any natural person resident in the United States, any partnership or corporation organized or incorporated under the laws of the United States, any estate of which any executor or administrator is a U.S. person and any trust of which any trustee is a U.S. person), may participate in the Dividend Reinvestment Component but may not participate

in the Premium Dividend™ Component unless otherwise announced by Pembina. For greater certainty, neither The Depository Trust & Clearing Corporation ("**DTC**") nor beneficial owners of Shares who hold their Shares through DTC are eligible to participate in the Premium Dividend™ Component.

Residents of Other Foreign Jurisdictions. Shareholders who are resident in any other jurisdiction outside of Canada and the United States may participate in the Dividend Reinvestment Component only if their participation is permitted by the laws of the jurisdiction in which they reside and provided that Pembina is satisfied, in its sole discretion, that such laws do not subject the Plan or Pembina to additional legal or regulatory requirements. Any such Shareholder wishing to participate in the Dividend Reinvestment Component should consult legal counsel where they reside to determine their eligibility to participate. Unless otherwise announced by Pembina, Shareholders not resident in Canada may not participate in the Premium Dividend™ Component.

The amount of any Dividends to be reinvested under the Plan, whether under the Dividend Reinvestment Component or the Premium Dividend™ Component, on behalf of Shareholders who are not residents of Canada will be reduced by the amount of any applicable non-resident withholding tax. See Question #15 below.

Pembina and the Plan Agent also reserve the right to deny or cancel participation in the Plan in certain extraordinary circumstances described in the Plan. See "*Eligibility Requirements*" in the Plan.

5. How do I elect to enroll in and become a participant in the Plan?

Only registered Shareholders may directly enroll in the Plan. Beneficial owners of Shares may, however, indirectly participate in the Plan through their broker. See "*Enrollment*" in the Plan.

If you are an eligible Shareholder but your Shares are not registered in your own name, you cannot enroll in the Plan directly but may do so indirectly through your broker by providing appropriate enrollment instructions. Your broker may require certain information or documentation from you before it will act upon your enrollment instructions. Please contact your broker to confirm any information or documentation required to give effect to your instructions, to confirm your broker's policies concerning continued participation following initial enrollment, and to inquire about applicable deadlines.

An Eligible Shareholder whose Shares are registered in its own name may directly enroll in either: (i) the Dividend Reinvestment Component by using the internet or by delivering to the Plan Agent a duly completed Enrollment Form (as defined in the Plan), or (ii) the Premium Dividend™ Component by delivering to the Plan Agent a duly completed Enrollment Form. For enrollment by using the internet or to obtain a copy of the Enrollment Form, see the Plan Agent's website at www.investorcentre.com. A copy of the Enrollment Form may also be obtained by calling the Plan Agent at 1-800-564-6253 or from Pembina's website at www.pembina.com.

6. At what price will new Shares be purchased for my account under the Dividend Reinvestment Component?

New Shares purchased with reinvested Dividends under the Dividend Reinvestment Component will be purchased from treasury of Pembina at the then applicable Dividend Reinvestment Discount to the Average Market Price.

7. How do I receive the Premium Dividend™?

If you are an eligible Shareholder and are enrolled in the Premium Dividend™ Component, your Dividends will be reinvested in new Shares under the Plan at a 3% discount to the Average Market Price, and such Shares will, without further action required from you, be disposed of through the Plan Broker in exchange for the Premium Dividend™, being a cash payment equal to 101% of the reinvested amount. The Plan Agent will in turn remit payment of the Premium Dividend™ to participants in the Premium Dividend™ Component in the same manner that regular Dividends are paid by Pembina.

8. How am I able to receive an amount equal to 101% of my Dividend?

New Shares issued by Pembina on a Dividend payment date pursuant to the Premium Dividend™ Component will be issued at a 3% discount to the Average Market Price. If you are an eligible Shareholder and are enrolled to participate in the Premium Dividend™ Component, then such number of Shares as is approximately equal to the number of new Shares to be purchased on the Dividend payment date with your reinvested Dividends will be pre-sold through the Plan Broker at prevailing market prices. If the prevailing market prices realized are approximately the same as the Average Market Price, then the difference between the issue price of the Shares and the price realized on the pre-sales will be approximately 3%. Of this difference, 1% will be paid to you (the Premium Dividend™ being a cash payment equal to 101% of the reinvested Dividend) and the balance (which may be more or less than 2%), if any, will be retained by the Plan Broker as compensation for its services in connection with the Plan.

The Plan Broker will in any event be obligated to pay the full amount of the Premium Dividend™ against delivery of the corresponding number of new Shares, and bears the risk of unfavourable changes in market price with respect to the new Shares. If the Plan Agent for any reason does not receive sufficient funds from the Plan Broker to pay the Premium Dividend™ on all Shares of participants enrolled in the Premium Dividend™ Component, such participants will be entitled to receive from Pembina the full amount of the regular Dividend for each such Share in respect of which the Premium Dividend™ is not paid.

9. Will a Direct Registration System Advice or Share certificate be issued for new Shares purchased for me under the Plan?

Neither a Share certificate nor a Direct Registration System Advice ("*DRS Advice*") evidencing your registered ownership of Shares will be issued for Shares purchased under the Plan. If you are validly enrolled in the Dividend Reinvestment Component, then new Shares purchased for your account under the Dividend Reinvestment Component will be credited to your account under the Plan or, if you are enrolled indirectly through your broker, with your broker. You may, however, request a DRS Advice or certificate for any number of whole Shares held under the Plan by the Plan Agent for your account. See "*Registration and Withdrawal of Shares*" in the Plan. If you are validly enrolled in the Premium Dividend™ Component, then new Shares purchased for your account will be disposed of through the Plan Broker in exchange for the Premium Dividend™.

If you are a registered Shareholder participating directly in the Plan, then the Plan Agent will maintain an account for you with respect to purchases of Shares made under the Plan for your account and will issue an unaudited statement regarding purchases made under the Dividend Reinvestment Component on a monthly basis. These statements are your continuing record of purchases of Shares made for your account under the Plan and should be retained for income tax purposes. No statements will be provided to you in respect of purchases made under the Premium Dividend™ Component.

Eligible Shareholders who participate in the Plan indirectly through their broker should consult such broker to confirm what statements or reports, if any, will be provided by such broker, whether for tax reporting purposes or otherwise.

10. Can I withdraw or sell Shares held for my account under the Plan?

A participant may, without terminating its participation in the Plan, withdraw from its account under the Plan, and have a DRS Advice or Share certificate issued and registered in the participant's name, any number of whole Shares held for its account under the Plan by delivering to the Plan Agent a duly completed withdrawal portion of the voucher located on the reverse of the statement of account issued by the Plan Agent. Alternatively, participants may follow the instructions at the Plan Agent's self-service web portal at www.investorcentre.com.

Any Shares held under the Plan by the Plan Agent for your account cannot be sold, pledged or otherwise disposed of while so held. If you wish to sell any such Shares, then you must first withdraw them from under the Plan. See "*Registration and Withdrawal of Shares*" in the Plan.

11. How can I change my election or terminate my participation under the Plan?

If you are a registered Shareholder enrolled in the Plan directly and wish to change your election as between the Dividend Reinvestment Component and the Premium Dividend™ Component, you may do so by delivering to the Plan Agent a new, duly completed Enrollment Form reflecting the new election. If you are enrolled in the Plan directly and wish to voluntarily terminate your participation in the Plan, you may do so by delivering to the Plan Agent a duly completed termination portion of the voucher located on the reverse of the statement of account issued by the Plan Agent. Alternatively, if you are enrolled directly in the Dividend Reinvestment Component and you wish to change your election as between the Dividend Reinvestment Component and the Premium Dividend™ Component or to voluntarily terminate your participation in the Plan, you may follow the instructions at the Plan Agent's self-service web portal at www.investorcentre.com.

If you are enrolled in the Plan indirectly through your broker, then you may change your election or voluntarily terminate your participation under the Plan by providing appropriate instructions to your broker. You should consult with your broker to confirm what information or documentation may be required to give effect to your instructions, and to inquire about any applicable deadlines. See "*Termination of Participation*" and "*Change of Election*" in the Plan.

A new Enrollment Form or termination request (or notice of death of an individual participant's death) must be received by 5:00 p.m. (Toronto time) on the third (3rd) business day preceding a Dividend record date in order to take effect for that Dividend. Enrollment Forms or termination requests received after that time will not be effective until the next Dividend record date.

12. Are there circumstances where I may not be able to acquire additional Shares or receive the Premium Dividend™, as the case may be, in accordance with my election?

Yes. Your ability to acquire additional Shares under the Dividend Reinvestment Component or receive the Premium Dividend™ under the Premium Dividend™ Component on any particular Dividend payment date depends on whether or not Pembina, at its sole discretion and with or without notice to participants, decides to issue or not issue new equity under the Plan for the given Dividend payment date.

13. How will the Plan Agent purchase new Shares for me?

On each Dividend payment date, the Plan Agent will, on your behalf, reinvest the Dividends payable on your Shares that are validly enrolled in the Plan (after the deduction of any applicable withholding taxes) in new Shares purchased directly from Pembina. Such new Shares will, depending on your election, either be credited to your account under the Dividend Reinvestment Component or disposed of on your behalf in exchange for the Premium Dividend™ under the Premium Dividend™ Component.

14. What are the Canadian income tax consequences of participating in the Plan for Canadian residents?

Participation in the Plan does not relieve you of any liability for Canadian taxes that may be payable in respect of the Dividends reinvested in new Shares or Shares sold on your behalf under the Plan. In determining taxes payable, it is important to recognize that multiple transactions occur under the Plan even though you may only see the result of the final transaction.

Participation in the Dividend Reinvestment Component involves two transactions:

- (i) first, you will receive a Dividend from Pembina; and
- (ii) second, you will use the cash from the Dividend to purchase new Shares at a discount to the Average Market Price equal to the Dividend Reinvestment Discount then in effect.

Participation in the Premium Dividend™ Component involves three transactions:

- (i) first, you will receive a Dividend from Pembina;
- (ii) second, you will use the cash from the Dividend to purchase new Shares at a 3% discount to the Average Market Price; and
- (iii) third, you will sell the new Shares purchased in exchange for the Premium Dividend™, being for a cash amount equal to 101% of the reinvested Dividend.

The first transaction under each component will result in the receipt of a taxable dividend on your existing Shares equal to the amount of the Dividend, and the new Shares purchased under the second transaction will have an initial cost for tax purposes equal to the amount of the Dividend used to purchase such Shares.

Assuming that you hold your Shares (including the new Shares purchased under the Plan with the cash from the Dividend) as capital property, you should generally realize a capital gain or loss on the sale of the new Shares under the third transaction under the Premium Dividend™ Component equal to the amount by which the proceeds of disposition are greater (or less) than your average adjusted cost base of the Shares sold. In this case, the average adjusted cost base of the Shares sold at any time that are held as capital property will be the average cost of all Shares owned by you at that time, whenever purchased, including those purchased with the cash from Dividends under the Plan.

The Plan provides a further description of certain Canadian federal income tax considerations relevant to participation in the Plan. The description is, however, a summary only and does not constitute legal or tax advice to any particular Shareholder. **You are urged to consult your own tax advisors concerning the implications of your participation in the Plan having regard to your particular circumstances.**

15. What are the Canadian income tax consequences for U.S. Shareholders or other non-residents of Canada participating in the Plan?

As a non-resident of Canada, you will be subject to Canadian withholding tax on any Dividends paid to you on the Shares, with the amount then being available for reinvestment pursuant to the Dividend Reinvestment Component being reduced by the amount of any such withholding tax. Under the provisions of the *Canada-United States Income Tax Convention, 1980* the ("**Treaty**"), where you are a resident of the United States, are fully entitled to the benefits of the Treaty, are the beneficial owner of the Dividends and do not maintain a "permanent establishment" or "fixed base" (each within the meaning of the Treaty) in Canada to which your Shares are attributable, the rate of Canadian withholding tax will generally be 15% of the Dividends.

The Plan provides a further description of certain Canadian federal income tax considerations relevant to participation in the Plan. The description is, however, a summary only and does not constitute legal or tax advice to any particular Shareholder. **You are urged to consult your own tax advisors concerning the implications of your participation in the Plan having regard to your particular circumstances.**

16. What are the U.S. income tax consequences for U.S. Shareholders of participating in the Plan?

You have the same U.S. federal income tax obligations as do holders of Shares who are not participating in the Plan. This means that Dividends reinvested in Shares pursuant to the Dividend Reinvestment Component of the Plan will be taxable as having been received even though you do not actually receive them in cash. Accordingly, you will be treated for U.S. federal income tax purposes as having received a taxable distribution in an amount equal to the fair market value of Shares acquired pursuant to the Plan plus the amount of any Canadian income tax withheld from the Dividend.

Your initial tax basis in Shares acquired pursuant to the Plan will equal the fair market value of those Shares on the Dividend payment date, and the holding period for those shares will begin on the day after the Dividend payment date. Assuming that you hold your Shares as capital assets, you should generally recognize a capital gain or loss on the sale, exchange or other disposition of Shares in an amount equal to the difference between the amount realized and your adjusted tax basis in such Shares.

The Plan provides a further description of certain U.S. federal income tax considerations relevant to participation in the Plan. The description is, however, a summary only and does not constitute legal or tax advice to any particular Shareholder. **You are urged to consult your own tax advisors concerning the implications of your participation in the Plan having regard to your particular circumstances.**

17. Where can I get further information?

If you have any questions regarding the Plan, please direct them to the Plan Agent or to Pembina, as follows:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor, North Tower
Toronto, Ontario M5J 2Y1

Attention: Dividend Reinvestment Department or the National Contact Center
Tel: (514) 982-7800
Toll-Free: 1-800-564-6253
Web: www.investorcentre.com

Pembina Pipeline Corporation
4000, 585 - 8th Avenue S.W.
Calgary, Alberta T2P 1G1

Attention: Investor Relations
Tel: (403) 231-3156
Toll-Free: 1-855-880-7404
Fax: (403) 237-0254
E-mail: investor-relations@pembina.com

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