



**Statement of Partnership Income
2011 Income Tax Supplementary Information**

Please be advised that Inter Pipeline Fund does not prepare the T5013 or Relevé 15 forms which you receive. Rather, you receive your T5013 and Relevé 15 forms from either the entity which holds your investment (e.g. investment advisor) or Inter Pipeline Fund's transfer agent, Computershare.

Please find attached the tax results of Inter Pipeline Fund for its 2011 operations. From a Canadian income tax perspective, the income earned by the partnership must be allocated to the members of the partnership. For 2011, Inter Pipeline Fund declared and paid cash distributions totaling \$0.9675 per unit. On a cash distribution basis, the 2011 taxable portion represents 59.17416% of the total cash distributions declared in 2011. The allocation of this taxable portion between eligible dividends, foreign interest income and capital losses is discussed in more detail below. The return of capital is 40.82584% of cash distributions declared in 2011.

It is important to note that in 2011 Inter Pipeline Fund is allocating a capital loss to the members of the partnership. Whether a member of the partnership can claim the capital loss is dependent upon each member's personal tax situation.

For your assistance, we have provided information regarding the amounts as reported on Form T5013 and Relevé 15.

Return of Capital

T5013: Box 27

RL 15: Box 43

This amount represents your share of the capital (including drawings) returned to you from Inter Pipeline Fund. The 2011 return of capital amount was 40.82584% of the total 2011 cash distributions declared in 2011.

Individual unitholders:

This amount is not reported on your current year income tax return. This amount is required when you compute the "adjusted cost base" of your units in Inter Pipeline Fund.

Partnership's Total Gross Income

T5013: Box 34

RL 15: Box 14

This amount represents the total 2011 gross income earned by Inter Pipeline Fund and includes all the unitholders' share of gross income.

Individual unitholders:

This box is for information purposes only and is not to be reported on your current year income tax return.

Actual amounts of eligible dividends

T5013: Box 52

RL 15: Box 6a

This amount represents your share of the Inter Pipeline Fund's 2011 actual eligible dividends. The 2011 eligible dividend amount was 53.52455% of the total 2011 cash distributions declared in 2011.

Individual unitholders:

This amount is not reported on your current year income tax return.

Taxable amounts of eligible dividends**T5013: Box 52-1****RL 15: Box 6a-1**

This amount represents the taxable amount of eligible dividends from Box 52 noted above. The 2011 taxable amount of eligible dividends is determined by multiplying box 52 by 1.41.

Individual unitholders:

This amount should be reported in Area I "Taxable amount of dividends from taxable Canadian corporations" of Schedule 4 of your Federal 2011 personal income tax return. The total of all eligible dividends should be reported on line 120 (page 2) of your 2011 T1 General tax return.

Dividend tax credit for eligible dividends**T5013: Box 52-2****RL 15: Box 44**

This amount represents the federal dividend tax credit applicable to the taxable amount of eligible dividends from Box 52-1 noted above. The 2011 federal dividend tax credit is determined by multiplying box 52-1 by 0.164354. For those who receive the RL 15 form, Box 44 contains the Quebec dividend tax credit.

Individual unitholders:

This amount should be entered on line 425 of Schedule 1 of your Federal 2011 personal income tax return.

Foreign Interest Income**T5013: Box 55****RL 15: Box 8**

This amount represents your share of Inter Pipeline Fund's 2011 foreign interest income that is subject to Canadian income tax. The 2011 taxable foreign interest income amount was 5.66201% of the total 2011 cash distributions declared in 2011.

Individual unitholders:

This amount should be reported in Area II "Interest and other investment income" of Schedule 4 of your Federal 2011 personal income tax return. The total of all interest and other investment income amounts should be reported on line 121 (page 2) of your 2011 T1 General tax return.

Capital Loss**T5013: Box 70****RL 15: Box 12**

This represents your share of Inter Pipeline Fund's 2011 "gross" capital loss that is subject to Canadian income tax. The 2011 capital loss amount was -0.01240% of the total 2011 cash distributions declared in 2011.

Individual unitholders:

This amount should be reported on line 174 of Schedule 3 of your Federal 2011 personal income tax return. Please note that only ½ of this capital loss is taxable as indicated on line 199 of Schedule 3. Whether you are able to claim the capital loss is dependent upon your personal tax situation.

RL 15 – For Corporate Partners only

For Corporations reporting in Quebec, boxes 24A, 24B and 24C have additional information provided relating to the Corporation's share of year end debt, year end qualified property, and year end total assets of Inter Pipeline Fund. Please consult the Tax Information found at www.interpipelinefund.com for more details.