

Inter Pipeline Fund Announces 2011 Tax Information

CALGARY, ALBERTA, MARCH 5, 2012: Inter Pipeline Fund (“Inter Pipeline”) (TSX: IPL.UN) announced today the following tax information in relation to cash distributions declared to unitholders in 2011.

Tax Information During the year, Inter Pipeline declared cash distributions totalling \$0.9675 per unit. The 2011 taxable portion amounts to \$0.57251 per unit or 59.17% of total cash distributions. The return of capital component in 2011 was \$0.39499 per unit or 40.83%.

Unitholders holding Class A units within a tax-free savings account, registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan or other similar type of deferral plan should not report any income related to cash distributions on their 2011 income tax return. Unitholders holding Class A units outside a deferred plan are taxable on their share of Inter Pipeline’s income for tax purposes.

Unitholders should be aware that their participation in Inter Pipeline’s Premium Distribution™ and Distribution Reinvestment Plan does not relieve them of any liability for Federal and Provincial income taxes in Canada for the distributions re-invested.

Record Date	Payment Date	Cash Distribution	Allocation of Income for Tax Purposes	Return of Capital
Jan 21, 2011	Feb 15, 2011	\$0.08000	\$0.04734	\$0.03266
Feb 23, 2011	Mar 15, 2011	\$0.08000	\$0.04734	\$0.03266
Mar 22, 2011	Apr 15, 2011	\$0.08000	\$0.04734	\$0.03266
Apr 25, 2011	May 16, 2011	\$0.08000	\$0.04734	\$0.03266
May 24, 2011	Jun 15, 2011	\$0.08000	\$0.04734	\$0.03266
Jun 22, 2011	July 15, 2011	\$0.08000	\$0.04734	\$0.03266
July 22, 2011	Aug 15, 2011	\$0.08000	\$0.04734	\$0.03266
Aug 22, 2011	Sep 15, 2011	\$0.08000	\$0.04734	\$0.03266
Sep 22, 2011	Oct 14, 2011	\$0.08000	\$0.04734	\$0.03266
Oct 21, 2011	Nov 15, 2011	\$0.08000	\$0.04734	\$0.03266
Nov 22, 2011	Dec 15, 2011	\$0.08000	\$0.04734	\$0.03266
Dec 22, 2011	Jan 16, 2012	\$0.08750	\$0.05177	\$0.03573
Total 2011		\$0.96750	\$0.57251	\$0.39499

Although the December 31, 2011 distribution of \$0.0875 per unit was paid on January 16, 2012, the taxable portion of this distribution is included in the unitholders’ taxable income for 2011.

Additional 2011 and historical tax information is available on our website at www.interpipelinefund.com by selecting “Investor Relations” then “Tax Information”.

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Tax Forms

If unitholders have registered their Class A units directly with Inter Pipeline's registrar and transfer agent, Computershare Trust Company of Canada (Computershare), then Computershare will be responsible for completing and mailing the T5013 or Releve 15 tax form. If unitholders hold their Class A units beneficially through a brokerage firm, then the brokerage firm will be responsible for completing and mailing the T5013 or Releve 15 form. Both the T5013 and Releve 15 forms are required to be mailed to unitholders on or before March 31, 2012.

Inter Pipeline is not responsible for completing or mailing individual T5013 or Releve 15 tax forms. Unitholders are advised to consult their own tax advisors as to their particular income tax situation.

Inter Pipeline Fund

Inter Pipeline is a major petroleum transportation, bulk liquid storage and natural gas liquids extraction business based in Calgary, Alberta, Canada. Structured as a publicly traded limited partnership, Inter Pipeline owns and operates energy infrastructure assets in western Canada, the United Kingdom, Denmark, Germany and Ireland. Additional information about Inter Pipeline can be found at www.interpipelinefund.com.

Inter Pipeline is a member of the S&P/TSX Composite Index. Class A units trade on the Toronto Stock Exchange under the symbol IPL.UN.

Eligible Investors

Pursuant to Inter Pipeline's limited partnership agreement dated October 9, 1997, as amended, all unitholders are required to be residents of Canada. A copy of the limited partnership agreement can be found at www.interpipelinefund.com by selecting "Corporate Governance". If a unitholder is a non-resident of Canada ("Non-Eligible Unitholder"), he will not be considered to be a member of the partnership effective the date the Class A Units were acquired. Inter Pipeline requires all Non-Eligible Unitholders to dispose of their Class A Units in accordance with the limited partnership agreement.

In most cases, a unitholder with an address outside of Canada will be a Non-Eligible Unitholder.

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Disclaimer

Certain information contained herein may constitute forward-looking statements that involve risks and uncertainties. Readers are cautioned not to place undue reliance on forward-looking statements. Such information, although considered reasonable by the General Partner of Inter Pipeline at the time of preparation, may later prove to be incorrect and actual results may differ materially from those anticipated in the statements made. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements often contain terms such as "may", "will", "should", "anticipate", "expects" and similar expressions. Such risks and uncertainties include, but are not limited to, risks associated with operations, such as loss of markets, regulatory matters, environmental risks, industry competition, potential delays and cost overruns of construction projects, including the Corridor pipeline system expansion project, and the ability to access sufficient capital from internal and external sources. You can find a discussion of those risks and uncertainties in Inter Pipeline's securities filings at www.sedar.com. The forward-looking statements contained in this news release are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary note.

All dollar values are expressed in Canadian dollars unless otherwise noted.