

## Inter Pipeline Fund Announces 2010 Tax Information

**CALGARY, ALBERTA, FEBRUARY 28<sup>TH</sup>, 2011:** Inter Pipeline Fund (“Inter Pipeline”) (TSX: IPL.UN) announced today the following tax information in relation to cash distributions declared to unitholders in 2010.

**Tax Information** During the year, Inter Pipeline declared cash distributions totalling \$0.9050 per unit. The 2010 taxable portion amounts to \$0.9050 per unit or 100% of total cash distributions. There was no return of capital in 2010.

Unitholders holding Class A units within a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan or other similar type of deferred plan should not report any income related to cash distributions on their 2010 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<sup>TM</sup> and Distribution Reinvestment Plan, or in the previous Distribution Reinvestment Plan and Optional Unit Purchase 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 22, 2010	Feb 16, 2010	\$0.0750	\$0.0750	\$0.0000
Feb 23, 2010	Mar 15, 2010	\$0.0750	\$0.0750	\$0.0000
Mar 22, 2010	Apr 15, 2010	\$0.0750	\$0.0750	\$0.0000
Apr 22, 2010	May 14, 2010	\$0.0750	\$0.0750	\$0.0000
May 21, 2010	Jun 15, 2010	\$0.0750	\$0.0750	\$0.0000
Jun 22, 2010	July 15, 2010	\$0.0750	\$0.0750	\$0.0000
July 22, 2010	Aug 16, 2010	\$0.0750	\$0.0750	\$0.0000
Aug 23, 2010	Sep 15, 2010	\$0.0750	\$0.0750	\$0.0000
Sep 22, 2010	Oct 15, 2010	\$0.0750	\$0.0750	\$0.0000
Oct 22, 2010	Nov 15, 2010	\$0.0750	\$0.0750	\$0.0000
Nov 22, 2010	Dec 15, 2010	\$0.0750	\$0.0750	\$0.0000
Dec 22, 2010	Jan 14, 2011	\$0.0800	\$0.0800	\$0.0000
<b>Total 2010</b>		<b>\$0.9050</b>	<b>\$0.9050</b>	<b>\$0.0000</b>

Although the December 31, 2010 distribution of \$0.080 per unit was paid on January 14, 2011, the taxable portion of this distribution is included in the unitholders’ taxable income for 2010.

Additional 2010 and historical tax information is available on our website at [www.interpipelinefund.com](http://www.interpipelinefund.com) by selecting “Investor Relations” then “Tax Information”.

<sup>TM</sup> Denotes trademark of Canaccord Capital Corporation

## 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, 2011.

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.

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## 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, Germany and Ireland. Additional information about Inter Pipeline can be found at [www.interpipelinefund.com](http://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

Only persons who are residents of Canada, or if partnerships, are Canadian partnerships, in each case for purposes of the Income Tax Act (Canada) are entitled to purchase and own Class A units of Inter Pipeline.

## Contact Information

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Inquiries related to supplemental tax forms should be referred to Computershare, the registrar and transfer agent at:

### Computershare Trust Company of Canada

100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1  
Attention: Tax Processing Department  
Phone: 1-800-564-6253 (toll free in North America)  
Fax: 1-888-453-0330 (toll free in North America)  
Email: [service@computershare.com](mailto:service@computershare.com)

## 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](http://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.