



INTER PIPELINE FUND

Premium Distribution™ and Distribution Reinvestment Plan

Overview

This Premium Distribution™ and Distribution Reinvestment Plan (the "**Plan**") provides Eligible Unitholders of Inter Pipeline Fund ("**Inter Pipeline**") with the opportunity to reinvest their Distributions in new Units at a 5% discount to the Average Market Price on the applicable payment date, which new Units will, at the Participant's election, either be credited to its account under the Distribution Reinvestment Component of the Plan or exchanged under the Premium Distribution™ Component of the Plan for a cash payment equal to 102% of the Distributions that are reinvested. Each component of the Plan, which is explained in greater detail below, is subject to eligibility restrictions, prorating as provided herein, and other limitations on the availability of new Units in certain events.

Eligible Unitholders are not required to participate in the Plan, which is not automatic but rather must be initiated by an Eligible Unitholder as described herein. An Eligible Unitholder who does not elect to participate in the Plan will continue to receive their Distributions in the normal manner.

In order to participate in either the Distribution Reinvestment Component or the Premium Distribution™ Component, an Eligible Unitholder must enroll in the Plan directly or through the broker, investment dealer, financial institution or other nominee who holds Units on the Eligible Unitholder's behalf. See "Enrollment" below.

This Plan supersedes, amends and restates in its entirety the Distribution Reinvestment and Optional Unit Purchase Plan of Inter Pipeline dated May 20, 2003, as amended on December 3, 2008.

Definitions

In this Plan:

"**Average Market Price**", in respect of a particular Distribution payment date, refers to the arithmetic average (calculated by Inter Pipeline to four decimal places) of the daily volume weighted average trading prices of Units on the TSX for the trading days on which at least one board lot of Units is traded on the TSX during the corresponding Pricing Period, subject to such adjustments as Inter Pipeline may, in its sole discretion, determine to be appropriate to account for (i) certain trading reversals, adjustments, corrections and similar changes with respect to trades of Units during the corresponding Pricing Period, (ii) a change in the aggregate number of Units outstanding into a greater or lesser number of Units, (iii) a reclassification of the Units, or (iv) a merger, reorganization or other transaction affecting the Units.

"**Business Day**" refers to any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

"**CDS**" refers to CDS Clearing and Depository Services Inc., which acts as a nominee for certain Canadian brokers, investment dealers, financial institutions and other nominees, or its nominee, as applicable.

"**CDS Institutions**" refers to brokers, investment dealers, financial institutions or other nominees in their capacity as participants in the CDS depository service, who hold Units registered in the name of CDS on behalf of beneficial owners of Units and who are acting on behalf of such beneficial owners in respect of the Plan.

"**Distribution**" refers to a cash distribution declared payable by Inter Pipeline on the outstanding Units.

"**Distribution Reinvestment Component**" refers to that component of the Plan, as more particularly described below under the heading "Plan Components – Distribution Reinvestment", pursuant to which Units are acquired on the reinvestment of Distributions under the Plan but are not exchanged for the Premium Distribution™.

"**Eligible Unitholders**" refers to Unitholders who are permitted to participate in the Plan as described herein under the heading "Eligibility Requirements".

"**Enrollment Form**" refers to the Reinvestment Enrollment - Participant Declaration Form established by Inter Pipeline from time to time for the purpose of enrolling eligible registered holders of Units (other than CDS) in the Plan.

"**Participants**" refers to registered holders of Units who, on the applicable record date for a Distribution, are Eligible Unitholders and are duly enrolled in the Plan; provided, however, that CDS and brokers, investment dealers, financial institutions or other nominees, as the case may be, shall be Participants only to the extent that CDS or such nominees, respectively, have enrolled in the Plan on behalf of Unitholders who are Eligible Unitholders.

"**Plan Agent**" refers to Computershare Trust Company of Canada, or such other party as is appointed by Inter Pipeline from time to time to act as "Plan Agent" under the Plan.

"**Plan Broker**" refers to Canaccord Capital Corporation, or such other qualified investment dealer as is designated from time to time to act as broker under the Plan.

"**Premium Distribution**™" refers to a cash amount equal to 102% of a Distribution or, as the context may require, 102% of the aggregate Distributions payable by Inter Pipeline on a particular Distribution payment date to Participants enrolled in the Premium Distribution™ Component, subject to proration in certain events as described herein.

"**Premium Distribution**™ **Component**" refers to that component of the Plan, as more particularly described below under the heading "Plan Components – Premium Distribution™", pursuant to which Units are acquired on the reinvestment of Distributions under the Plan and exchanged for the Premium Distribution™.

"**Pricing Period**", in respect of a particular Distribution, refers to the period beginning on the later of the 21st Business Day preceding the Distribution payment date and the second Business Day following the record date applicable to that Distribution payment date, and ending on the second Business Day preceding the Distribution payment date.

"**TSX**" refers to the Toronto Stock Exchange.

"**Units**" refers to Class A limited partnership units of Inter Pipeline.

"**Unitholders**" refers to holders of Units.

Plan Components

Distribution Reinvestment

Under the Distribution Reinvestment Component, the Plan Agent will, on each Distribution payment date, on behalf of Participants in the Distribution Reinvestment Component, apply the aggregate Distributions payable on the Units of such Participants that are enrolled in the Distribution Reinvestment Component towards the purchase from treasury of Inter Pipeline of such number of new Units (calculated to four decimal places) as is equal to the aggregate amount of such Distributions divided by 95% of the corresponding Average Market Price.

The new Units so purchased will be held under the Plan by the Plan Agent for the account of the applicable Participants or, in the case of Eligible Unitholders that are enrolled in the Plan indirectly through CDS, credited through CDS to the accounts of appropriate CDS Institutions on behalf of such Eligible Unitholders.

Any subsequent Distributions made in respect of Units acquired under the Distribution Reinvestment Component will be subject to reinvestment under the Plan (i) in the case of Units held under the Plan for the account of a Participant other than CDS, pursuant to the current election of the Participant as between the Distribution Reinvestment Component and the Premium Distribution™ Component; or (ii) in the case of Units enrolled in the Plan indirectly through CDS, pursuant to instructions provided to the Plan Agent by CDS in the manner described below under the heading "Enrollment".

Premium Distribution™

Under the Premium Distribution™ Component, the Plan Agent will, on each Distribution payment date, on behalf of Participants in the Premium Distribution™ Component, apply the aggregate Distributions payable on the Units of such Participants that are enrolled in the Premium Distribution™ Component, towards the purchase from treasury of Inter Pipeline of such number of new Units (calculated to four decimal places) as is equal to the aggregate amount of such Distributions divided by 95% of the corresponding Average Market Price.

The Plan Agent is authorized, on behalf of Participants in the Premium Distribution™ Component, to pre-sell through the Plan Broker, in one or more transactions on the TSX, that number of Units to be purchased on the applicable Distribution payment date with the Distributions of such Participants that are reinvested. Such Units, when acquired, will not be held under the Plan by the Plan Agent or credited through CDS to the accounts of appropriate CDS Institutions on behalf of Eligible Unitholders, but will instead be credited through CDS or otherwise delivered to the Plan Broker in exchange for the Premium Distribution™ in an amount equal to 102% of the reinvested amount. The Plan Agent will in turn remit payment of the Premium Distribution™ to Participants in the Premium Distribution™ Component in the same manner that Distributions are paid on behalf of Inter Pipeline.

At the time Units are delivered to the Plan Broker, each Unitholder for whom Distributions are reinvested under the Premium Distribution™ Component shall be deemed to represent and warrant to Inter Pipeline, the Plan Agent and the Plan Broker that: (i) it holds good and marketable title to such Units, free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others; (ii) such Units are not subject to resale restrictions; and (iii) it is an Eligible Unitholder.

Inter Pipeline and the Plan Agent have a commitment from the Plan Broker to pay the Premium Distribution™ to the Plan Agent against delivery of the corresponding Units on the applicable

Distribution payment date. Although Inter Pipeline and the Plan Agent will, if necessary, make claims on this commitment, neither Inter Pipeline nor the Plan Agent has any liability to Participants in the Premium Distribution™ Component (or any Unitholder for whom the Participant may be acting) for any failure of the Plan Broker to fulfil its obligation to pay the Premium Distribution™ when required. If the Plan Agent does not receive from the Plan Broker funds sufficient to pay the Premium Distribution™ on all Units of Participants in the Premium Distribution™ Component, such Participants will be entitled to receive from Inter Pipeline the regular, declared Distribution for each such Unit in respect of which the Premium Distribution™ is not paid by the Plan Broker.

Eligibility Requirements

The partnership agreement which governs Inter Pipeline provides that no Units may be owned by or transferred to, among other things, a person who, for purposes of the *Income Tax Act (Canada)*, is a "non-resident" of Canada, a person in which an interest would be a "tax shelter investment" or a partnership that is not a "Canadian partnership". Accordingly, no such person may be a Unitholder or therefore participate in either the Distribution Reinvestment Component or the Premium Distribution™ Component.

Inter Pipeline and the Plan Agent also reserve the right to deny participation in the Plan to, or cancel the participation of, any person or agent of any person who appears to be, or who Inter Pipeline or the Plan Agent has reason to believe is, subject to the laws of any jurisdiction which do not permit participation in the Plan in the manner sought by such person or which will subject the Plan or Inter Pipeline to requirements of the jurisdiction not otherwise applicable to the Plan or Inter Pipeline, or whose participation in the Plan is suspected to be part of a scheme to avoid applicable legal requirements or otherwise engage in unlawful behaviour.

Inter Pipeline further reserves the right to determine, from time to time, a minimum number of Units that a Unitholder must hold in order to be eligible for, or continue to be enrolled in, the Plan, subject to any applicable legal or regulatory requirements.

Enrollment

Direct Enrollment

An Eligible Unitholder whose Units are registered in its own name may directly enroll in either the Distribution Reinvestment Component or the Premium Distribution™ Component by delivering to the Plan Agent a duly completed Enrollment Form. A copy of the Enrollment Form is available from the Plan Agent's website at www.computershare.com or by calling the Plan Agent at 1-800-564-6253, or from Inter Pipeline's website at www.interpipelinefund.com.

A Participant who delivers an Enrollment Form will be deemed to thereby direct Inter Pipeline to credit the Plan Agent with all Distributions payable in respect of all Units registered in the name of the Participant or held under the Plan by the Plan Agent for the Participant's account as of the Distribution record date, and the Plan Agent to reinvest such Distributions in new Units in accordance with the Distribution Reinvestment Component or the Premium Distribution™ Component, as applicable, all in accordance with the Plan. A Participant who elects in its Enrollment Form to participate in the Premium Distribution™ Component will be further deemed to thereby direct the Plan Agent to deliver all such new Units to the Plan Broker in exchange for payment of the Premium Distribution™ as provided herein.

Indirect Enrollment

An Eligible Unitholder whose Units are not registered in its own name cannot enroll in the Plan directly but may instead do so indirectly through the broker, investment dealer, financial institution or other nominee who holds their Units by providing appropriate enrollment instructions to such nominee. Where such nominee holds Units in its own name (and not through CDS) on behalf of an Eligible Unitholder, the nominee may enroll in the Plan on behalf of the Eligible Unitholder by delivering to the Plan Agent a duly completed Enrollment Form. Where the Units are held indirectly through CDS, enrollment instructions must be communicated to CDS by the applicable CDS Institution in accordance with the procedures of the CDS depository system and CDS will in turn provide instructions to the Plan Agent regarding the extent of its participation, on behalf of Eligible Unitholders, in the Distribution Reinvestment Component and the Premium Distribution™ Component, respectively. The CDS instructions will advise the Plan Agent of (i) the aggregate number of Units held through CDS in respect of which Distributions are to be reinvested under the Distribution Reinvestment Component, and (ii) the aggregate number of Units held through CDS in respect of which Distributions are to be reinvested under the Premium Distribution™ Component.

Continued Participation

Once a Participant (other than CDS) has enrolled in either the Premium Distribution™ Component or the Distribution Reinvestment Component by delivering to the Plan Agent a duly completed Enrollment Form, participation in the manner elected by the Participant continues automatically with respect to all Units registered in the name of the Participant or held under the Plan by the Plan Agent for the Participant's account until the Plan or the Participant's participation therein is terminated or until the Participant changes its election.

Eligible Unitholders who participate in the Plan indirectly through CDS or otherwise through their broker, investment dealer, financial institution or other nominee should consult such nominee to confirm the nominee's policies concerning continued participation following initial enrollment.

See "Termination of Participation" and "Change of Election" below.

Enrollment Deadlines

In order for a particular Distribution on Units of an Eligible Unitholder to be reinvested on the Distribution payment date, the Plan Agent must receive (i) a duly completed Enrollment Form that covers such Units not later than 5:00 p.m. (Toronto time) on the fifth (5th) business day preceding the record date for the Distribution, or (ii) in the case of Units enrolled indirectly through CDS, appropriate instructions from CDS regarding the extent of its participation not later than such time preceding the record date as may be agreed from time to time between CDS and the Plan Agent in accordance with custom and practice relating to the CDS depository system. In order for CDS to enroll Units in the Plan with respect to a particular Distribution, CDS must itself receive appropriate instructions from the nominee holders that are CDS Institutions by such deadline as may be established by CDS from time to time. Enrollment Forms or CDS instructions, as applicable, received by the Plan Agent after the stipulated pre-record date deadline will not be effective in respect of the corresponding Distribution unless otherwise determined by Inter Pipeline and the Plan Agent in their sole discretion.

Broker Requirements

A CDS Institution or other broker, investment dealer, financial institution or other nominee may require certain information or documentation from an Eligible Unitholder before it will act upon enrollment

instructions relating to the Plan. **Eligible Unitholders who wish to participate in the Plan should contact the broker, investment dealer, financial institution or other nominee who holds their Units to provide instructions regarding their decision to enroll and their election as between the Distribution Reinvestment Component and the Premium Distribution™ Component, to confirm any information or documentation required to give effect to their instructions, and to inquire about any applicable deadlines that the nominee may impose or be subject to under the policies of the CDS depository system.**

Administration

Computershare Trust Company of Canada has been appointed to act as Plan Agent for and on behalf of Participants. If Computershare Trust Company of Canada ceases to act as Plan Agent for any reason, another qualified party will be designated by Inter Pipeline to act as Plan Agent and Participants will be notified of the change.

All funds credited to the Plan Agent under the Plan will be applied to the purchase of new Units directly from Inter Pipeline on behalf of Participants. In no event will interest be paid to Participants on any funds held for reinvestment under the Plan.

In carrying out its obligations under the Plan on behalf of Participants, the Plan Agent shall only be required to act in accordance with the instructions duly received within the appropriate time periods.

Proration in Certain Events

Inter Pipeline reserves the right to determine, immediately following the Distribution record date, the amount of new equity, if any, to be made available under the Plan on the Distribution payment date to which such record date relates. No assurances can be made that new Units will be made available under the Plan on a regular basis, or at all.

If, in respect of any Distribution payment date, fulfilling the elections of all Participants under the Plan would result in the issuance of more than the maximum amount of new equity determined to be made available by Inter Pipeline, then elections for the purchase of new Units on that Distribution payment date will be accepted (i) first, from Participants electing to reinvest Distributions under the Distribution Reinvestment Component, and (ii) second, to the extent that new equity remains available under the Plan, from Participants electing to receive the Premium Distribution™ under the Premium Distribution™ Component. If Inter Pipeline is not able to accept all elections for a particular component of the Plan, then purchases of Units under that component on the applicable Distribution payment date will be prorated among all Participants in that component according to the number of Units enrolled therein.

If trading of Units on the TSX, or the trading thereof by the Plan Broker, is for any reason prohibited for an entire day, or if the Premium Distribution™ Component is terminated or suspended for any reason, in any such case during a Pricing Period, then the new Units to be exchanged for the Premium Distribution™ pursuant to the Premium Distribution™ Component will be prorated among all Participants who have elected to receive the Premium Distribution™ according to the number of Units enrolled in the Premium Distribution™ Component.

If on any Distribution payment date Inter Pipeline determines not to issue any equity through the Plan or the availability of new Units is prorated in accordance with the terms of the Plan, or for any other reason a Distribution cannot be reinvested under the Plan, in whole or in part, then Participants will receive from Inter Pipeline the regular, declared Distribution on each Unit for which the Distribution is payable but cannot be reinvested under the Plan in accordance with the applicable election.

Price of New Units

The subscription price of new Units purchased on a Distribution payment date under both the Distribution Reinvestment Component and the Premium Distribution™ Component will be 95% of the Average Market Price for that Distribution payment date.

Full reinvestment is possible as fractions of Units (to four decimal places) may be credited to Participants' accounts maintained under the Plan.

Costs

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of new Units from treasury under either the Distribution Reinvestment Component or the Premium Distribution™ Component. All administrative costs of the Plan, including the fees and expenses of the Plan Agent, will be paid by Inter Pipeline.

Eligible Unitholders who wish to participate in the Plan indirectly through the broker, investment dealer, financial institution or other nominee who holds their Units should consult such nominee to confirm whether the nominee charges any fees to enroll in the Plan on their behalf.

Reports to Participants

The Plan Agent will maintain an account for each Participant respect to purchases of Units made under the Plan for that Participant's account and will issue an unaudited statement regarding purchases made under the Distribution Reinvestment Component on a monthly basis. These statements are a Participant's continuing record of purchases of Units made for such Participant's account under the Plan and should be retained for income tax purposes. No statements will be provided to Participants in respect of purchases made under the Premium Distribution™ Component.

Eligible Unitholders who participate in the Plan indirectly through their broker, investment dealer, financial institution or other nominee should consult such nominee to confirm what statements or reports, if any, they should expect to receive concerning transactions made on their behalf under the Plan, whether for tax reporting purposes or otherwise.

Whether or not it receives detailed statements or reports concerning transactions made on its behalf under the Plan, each Unitholder is responsible for calculating and monitoring its own adjusted cost base in Units for Canadian federal income tax purposes, as certain averaging and other rules may apply and such calculations may depend on the cost of other Units held by the Unitholder and other factors.

Certificates for Units

Units purchased under the Distribution Reinvestment Component and held under the Plan by the Plan Agent for the account of Participants other than CDS will be registered in the name of the Plan Agent or its nominee or in accounts designated by it for the account of Participants other than CDS. Certificates for such Units will only be issued to the Participant if the Plan or the Participant's participation therein is terminated or if the Participant withdraws Units from its account.

A Participant may, without terminating participation in the Plan, withdraw from its account under the Plan, and have a Unit certificate issued and registered in the Participant's name for, any number of whole Units 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. A

withdrawal request form may also be obtained from the Plan Agent at the address below. The withdrawal of Units and certificate issuance will be completed within the Plan Agent's ordinary service standards. Any remaining Units (including any residual fraction of a Unit) will continue to be held by the Plan Agent for the Participant's account under the Plan.

Units held under the Plan by the Plan Agent for the account of a Participant may not be sold, pledged or otherwise disposed of by the Participant while so held.

For Eligible Unitholders enrolled in the Distribution Reinvestment Component indirectly through CDS, any new Units issued will not be held under the Plan but instead credited through the CDS depository system to the account of the appropriate CDS Institution on behalf of the Eligible Unitholder.

Termination of Participation

An Eligible Unitholder who is enrolled in the Plan directly as a Participant and wishes to terminate their participation in the Plan may do so voluntarily 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. A termination request form may also be obtained from the Plan Agent at the address below. In addition, participation will be terminated automatically following receipt by the Plan Agent of written notice of an individual Participant's death.

If a duly completed termination request (or notice of an individual Participant's death) is not received by the Plan Agent before 5:00 p.m. (Toronto time) on the fifth (5th) Business Day preceding a Distribution record date, then the Participant's account will not be closed, and participation in the Plan by such Participant will not be terminated, until after the Distribution payment date to which that record date relates.

An Eligible Unitholder who is enrolled in the Plan indirectly through CDS or otherwise through its broker, investment dealer, financial institution or other nominee and wishes to terminate its participation in the Plan must contact the nominee who holds its Units and provide appropriate instructions to do so. The nominee should be consulted to confirm what information or documentation may be required to give effect to the termination instructions, and to inquire about any applicable deadlines that the nominee may impose or be subject to under the policies of that nominee or the CDS depository system.

In the event of termination of participation, a Participant (other than CDS) or a deceased Participant's estate or legal representative, as applicable, will be issued a certificate for the number of whole Units held under the Plan by the Plan Agent in the Participant's account and payment for any residual fraction of a Unit so held based on the last price per Unit at which Distributions were reinvested under the Plan.

Change of Election

An Eligible Unitholder who is enrolled in the Plan directly as a Participant and wishes to change its election as between the Distribution Reinvestment Component and the Premium Distribution™ Component may do so by delivering to the Plan Agent a new, duly completed Enrollment Form reflecting the new election.

If a new Enrollment Form is not received by the Plan Agent before 5:00 p.m. (Toronto time) on the fifth (5th) Business Day preceding a Distribution record date, then the previous election will apply to the Distribution to which that record date relates and the new election will only become effective for purposes of subsequent Distributions.

An Eligible Unitholder who is enrolled in the Plan indirectly through CDS or otherwise through its broker, investment dealer, financial institution or other nominee and wishes to change its election as between the Distribution Reinvestment Component and the Premium Distribution™ Component must contact such nominee who holds its Units and provide appropriate instructions to do so. The nominee should be consulted to confirm what information or documentation may be required to give effect to the change of election instructions, and to inquire about any applicable deadlines that the nominee may impose or be subject to under the policies of that nominee or the CDS depository system.

Subdivisions

If Units are distributed pursuant to a subdivision of Units, the additional Units received by the Plan Agent in respect of Units held under the Plan by the Plan Agent for the account of Participants will be credited proportionately to the accounts of such Participants.

Unitholder Voting

Whole Units held under the Plan by the Plan Agent for a Participant's account on the record date for a vote of Unitholders will be voted in accordance with the instructions of the Participant given on a form to be furnished to the Participant for this purpose. Units for which instructions are not received will not be voted. No voting rights will attach to any fraction of a Unit held for a Participant's account under the Plan.

Deemed Representations, Authorizations, etc.

Distribution Reinvestment Component

By enrolling in the Distribution Reinvestment Component, whether directly as a Participant or indirectly through CDS or otherwise through a broker, investment dealer, financial institution or other nominee, a Unitholder shall be deemed to have: (i) represented and warranted to Inter Pipeline and the Plan Agent that it is an Eligible Unitholder with respect to participation in the Distribution Reinvestment Component; (ii) appointed the Plan Agent to receive from Inter Pipeline, and directed Inter Pipeline to credit the Plan Agent with, all Distributions payable in respect of all Units registered in the name of the Unitholder or held under the Plan for its account or, in the case of a Unitholder enrolled indirectly through CDS or otherwise through a broker, investment dealer, financial institution or other nominee, that are enrolled (through CDS or otherwise) on its behalf in the Distribution Reinvestment Component; and (iii) authorized and directed the Plan Agent to reinvest such Distributions in new Units, all in accordance with the provisions of the Distribution Reinvestment Component as set forth herein.

Premium Distribution™ Component

By enrolling in the Premium Distribution™ Component, whether directly as a Participant or indirectly through CDS or otherwise through a broker, investment dealer, financial institution or other nominee, a Unitholder shall be deemed to have: (i) represented and warranted to Inter Pipeline, the Plan Agent and the Plan Broker that it is an Eligible Unitholder with respect to participation in the Premium Distribution™ Component; (ii) appointed the Plan Agent to receive from Inter Pipeline, and directed Inter Pipeline to credit the Plan Agent with, all Distributions payable in respect of all Units registered in the name of the Unitholder or held under the Plan for its account or, in the case of a Unitholder enrolled indirectly through CDS or otherwise through a broker, investment dealer, financial institution or other nominee, that are enrolled (through CDS or otherwise) on its behalf in the Premium Distribution™ Component; (iii) authorized and directed the Plan Agent to reinvest such Distributions in new Units, all in accordance with the provisions of the Premium Distribution™ Component as set forth herein; and (iv)

authorized and directed the Plan Agent to deliver such new Units to the Plan Broker in exchange for payment of the Premium Distribution™, upon and subject to the terms and conditions described herein.

Responsibilities of Inter Pipeline and the Plan Agent

None of Inter Pipeline, the Plan Agent or the Plan Broker will be liable to any Unitholder, CDS, any CDS Institution or any other nominee acting on behalf of a Unitholder in respect of the Plan for any act or for any omission to act in connection with the operation of the Plan including, without limitation, any claims or liability with respect to or arising out of:

- (a) any failure by CDS, a CDS Institution or any other nominee to enroll or not enroll in the Plan any Unitholder (or, as applicable, any Units held on the Unitholder's behalf) in accordance with the Unitholder's instructions;
- (b) the continued enrollment in the Plan of any Unitholder (or, as applicable, any Units held on the Unitholder's behalf) until receipt of all necessary documentation as provided herein required to terminate participation in the Plan;
- (c) the prices and times at which Units are purchased under the Plan for the account of, or on behalf of, any Participant;
- (d) any decision by Inter Pipeline to issue or not issue new equity through the Plan on any given Distribution payment date, or the amount of equity issued (if any);
- (f) any decision to amend or terminate the Plan in accordance with the terms hereof;
- (g) any default by the Plan Broker in delivering the Premium Distribution™ to the Plan Agent on any Distribution payment date;
- (h) a prorating, for any reason, of the amount of equity available under the Plan in the circumstances described herein or otherwise;
- (i) any determination made by Inter Pipeline or the Plan Agent regarding a Unitholder's eligibility to participate in the Plan or any component thereof, including the cancellation of a Unitholder's participation for failure to satisfy eligibility requirements; or
- (j) any income taxes or other liabilities payable by a Unitholder in connection with their direct or indirect participation in the Plan.

None of Inter Pipeline, the Plan Agent or the Plan Broker can assure a Participant (or any beneficial owner of Units for which the Participant may be acting) a profit, or protect a Participant (or such beneficial owner, as applicable) against loss, on Units purchased under the Plan.

The Plan Agent retains the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Plan Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist law, regulation or policy or any other law, regulation or policy to which the Plan Agent is now or hereafter becomes subject.

Canadian Federal Income Tax Considerations

The following is a summary only of certain Canadian federal income tax considerations relevant to Unitholders who participate in the Plan for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"). The information provided is current as of May 7, 2009 and is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations which have been publicly announced prior to May 7, 2009 and Inter Pipeline's understanding of the current administrative and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary does not otherwise take into account or anticipate changes in the income tax legislation or in the administrative and assessing practices of the CRA, and it is not exhaustive of all possible Canadian federal income tax considerations nor does it take into account or anticipate any provincial, territorial or foreign tax considerations which may be applicable to any particular Unitholder.

This summary is provided by and on behalf of Inter Pipeline and not the Plan Agent or the Plan Broker. The summary is for general information only and is not intended to be legal or tax advice to any particular Unitholder. Unitholders are urged to consult their own tax advisors as to their particular circumstances and tax position.

Since all Unitholders are required to be residents of Canada for the purposes of the Tax Act, this summary does not discuss any Canadian tax information that would be applicable to Unitholders who are not residents of Canada for the purposes of the Tax Act.

Inter Pipeline is a partnership, with the result that Unitholders are required to include in their income the amount of any income or loss allocated to them by Inter Pipeline at the end of each fiscal year irrespective of the amount of the cash distributions paid out by Inter Pipeline. Accordingly, Unitholders can continue to expect to have income or loss allocated to them for each fiscal year by Inter Pipeline computed independently from their participation in the Plan. Furthermore, Unitholders who hold their Units as capital property for the purposes of the Tax Act can expect to have the amount of the Distributions which the Unitholders receive under the Plan applied as a reduction in the adjusted cost base of the Units held by the Unitholders at the time of such distributions.

The CRA may take the position that Units acquired and sold under the Premium Distribution™ Component are inventory and not capital property for the purposes of the Tax Act. Where a Unitholder acquires and holds the Units acquired under the Premium Distribution™ Component as inventory, the Unitholder will generally be required to include in income the profit or net gain arising from the acquisition and disposition of such Units, such that the Unitholder will be required to include in income the amount of the Premium Distribution™ and will have the adjusted cost base of the other Units held by the Unitholder as capital property reduced by the amount of the Distribution which the Unitholder receives under the Plan.

Conversely, where a Unitholder acquires and holds the Units acquired under the Plan as capital property for the purposes of the Tax Act, the amount paid by the Unitholder on the purchase of such Units will become the Unitholder's cost of such Units for purposes of determining the adjusted cost base and subsequent capital gain or loss on the disposition of such Units. Pursuant to the averaging provisions of the Tax Act, the cost of such Units must be averaged with the cost of all other Units held by the Unitholder at that time as capital property for the purpose of determining the adjusted cost base of all Units held by the Unitholder. The result is that for Unitholders who hold their Units as capital property and hold any new Units acquired under the Plan as capital property, upon the receipt of a Distribution from Inter Pipeline under the Plan, the adjusted cost base of the Unitholder's Units held at the time of the receipt of the Distribution will be reduced by a corresponding amount. Upon the purchase of new Units under the Plan which are considered to be capital property to the Unitholder for the purposes of the Tax

Act (including those Units acquired for resale under the Premium Distribution™ Component and those Units acquired to be held for the account of the Unitholder under the Distribution Reinvestment Component of the Plan with reinvested Distributions), the amount paid by the Plan Agent to Inter Pipeline for the purchase of such Units will become the cost of such new Units acquired under the Plan. The cost of all Units then held by the Unitholder as capital property will be required to be averaged to determine the adjusted cost base of each such Unit. Such Unitholders who participate in the Premium Distribution™ Component will then sell their Units and will recognize a capital gain (or a capital loss) to the extent that the Premium Distribution™ received on the disposition, net of any reasonable costs associated with the disposition, exceed (or are less than) such averaged adjusted cost base of the Units held by the Unitholder immediately before the disposition. One-half of any capital gain (a "taxable capital gain") must be included in the income of the Unitholder for the year in which the disposition occurs and one-half of any capital loss (an "allowable capital loss") may generally be deducted by the Unitholder against taxable capital gains realized in the year of disposition, in any of the three preceding years, or in any subsequent year, subject to the detailed provisions of the Tax Act in this regard.

Amendment or Termination of the Plan

Inter Pipeline reserves the right to amend or terminate the Plan at any time, provided that no such action shall have retroactive effect prejudicial to Participants.

Inter Pipeline will publicly announce any material amendments to, or termination of, the Plan. Generally, no notice will be given to Participants regarding any amendments to the Plan intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions. Where required, amendments to the Plan will be subject to the prior approval of the TSX.

In the event of termination of the Plan, Participants will be issued a certificate for the number of whole Units held under the Plan by the Plan Agent in the Participant's account and payment for any remaining fraction of a Unit so held based on the last price per Unit at which Distributions were reinvested under the Plan.

Interpretation

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by Inter Pipeline.

Governing Law

The Plan shall be governed by, and administered and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Notices

Any notices, documents (including Unit certificates) or payments required under the Plan to be given or delivered to Participants by Inter Pipeline or the Plan Agent shall be validly given or delivered if mailed to Participants at their respective addresses as recorded in the register of Unitholders maintained by or on behalf of Inter Pipeline or, in the case of CDS, in accordance with custom and practice relating to the CDS depository system.

Communications to the Plan Agent may be directed to:

Computershare Trust Company of Canada
Attention: Reinvestment Department
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

Toll-Free Tel: 1-800-564-6253

Communications to Inter Pipeline Fund may be directed to:

Inter Pipeline Fund
2600, 237 – 4th Avenue S.W.
Calgary, Alberta T2P 4K3

Attention: Investor Relations
Tel: (403) 290-6000

or

Toll-Free Tel: 1-866-716-7473

Effective Date

The effective date of the Plan is May 7, 2009.